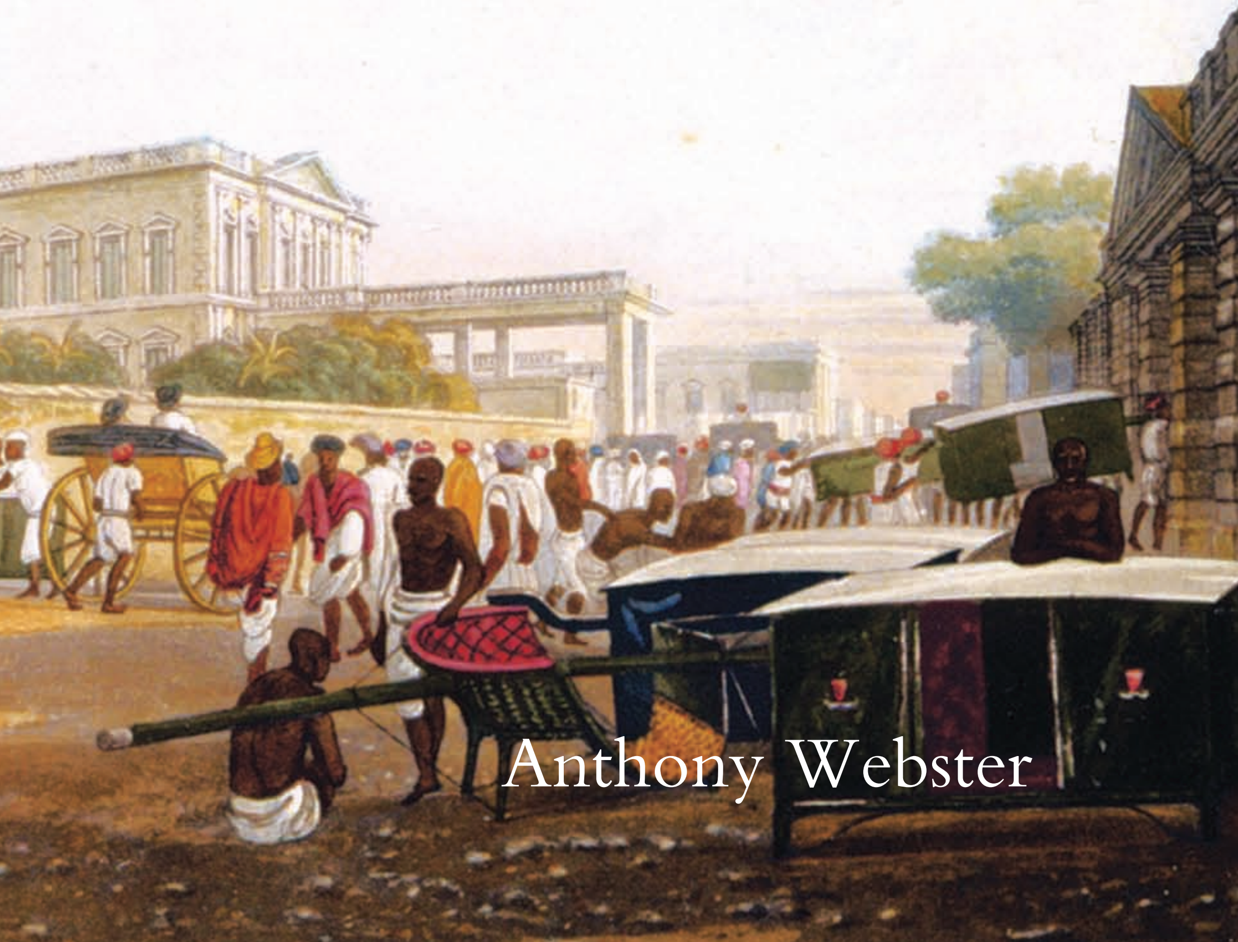
THE RICHEST EAST INDIA MERCHANT

THE LIFE AND BUSINESS OF
JOHN PALMER OF CALCUTTA
1767-1836



Anthony Webster

WORLDS OF THE EAST INDIA COMPANY   Volume 1

The Richest East India Merchant

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WORLDS OF THE EAST INDIA COMPANY

ISSN 1752–5667

This series offers high-quality studies of the East India Company, drawn from across a broad chronological, geographical and thematic range. The rich history of the Company has long been of interest to those who engage in the study of Britain's commercial, imperial, maritime, and military past, but in recent years it has also attracted considerable attention from those who explore art, cultural, and social themes within an historical context. The series will thus provide a forum for scholars from different disciplinary backgrounds, and for those who have interests in the history of Britain (London and the regions), India, China, Indonesia, as well as the seas and oceans.

The editors welcome submissions from both established scholars and those beginning their career; monographs are particularly encouraged but volumes of essays will also be considered. All submissions will receive rapid, informed attention. They should be sent in the first instance to: Professor H.V. Bowen, School of Historical Studies, University of Leicester, University Road, Leicester, LE1 7RH

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THE BOYDELL PRESS

First published 2007
The Boydell Press, Woodbridge

ISBN 978 1 84383 303 1

The Boydell Press is an imprint of Boydell & Brewer Ltd
PO Box 9, Woodbridge, Suffolk IP12 3DF, UK
and of Boydell & Brewer Inc.
668 Mt Hope Avenue, Rochester, NY 14620, USA
website: www.boydellandbrewer.com

A catalogue record for this title is available from the British Library

This publication is printed on acid-free paper

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In memory of Jackie Ryding

PREFACE

The background to this book goes back to the early days of my academic career, as a PhD student at the University of Birmingham in the late 1970s. My dissertation topic was British imperialism in south-east Asia during the late eighteenth and early nineteenth centuries, focusing particularly on the role of trade in promoting British interest in the region from the principal British possessions in India, Calcutta, Madras and Bombay. The main actors were the agency houses, those peculiar and colourful organisations which combined banking, trade, agency shipping and plantation agriculture to establish themselves as the wealthiest and most powerful commercial interests influencing British policy during the period. Leaders in the field such as the biographer of Thomas Stamford Raffles, C.E. Wurtzburg, and the historian Nicholas Tarling, identified John Palmer & Company as probably the agency house which was most active in south-east Asia. Pursuing their lines of research I was introduced to the extensive collection of John Palmer's correspondence in the Bodleian Library, Oxford.

Even at the time, I was most surprised that this rich archive had not been used to produce a dedicated biography or business history of the most prominent and wealthiest British merchant in the east, a man described by no less than a Governor-General as 'the Prince of Merchants'. Certainly the sixty volumes of letters were about much more than the dry transactions of a complex business; they contained the details of a rich and eventful family and social life, offering fascinating insights into Anglo-Indian colonial society during an early and turbulent period. The trajectory of my career meant that I did not have another opportunity to resume my interest in Palmer until 1998, when to my relief and astonishment I discovered that the potential of his papers had still not been realised. It was then, with support from Edge Hill College, my employer at the time, that I embarked upon the research which is the foundation of this book.

I have tried to organise the work so that personal, social and commercial aspects of John Palmer's life are all covered; so rich are the sources that to have confined my efforts to a clinical analysis of the evolution of his firm would have been to do them a grave injustice. I have attempted to write a book that is rather more than a traditional business history. My aim has been to capture the man's personality, values, attitudes, relationships and the social milieu in

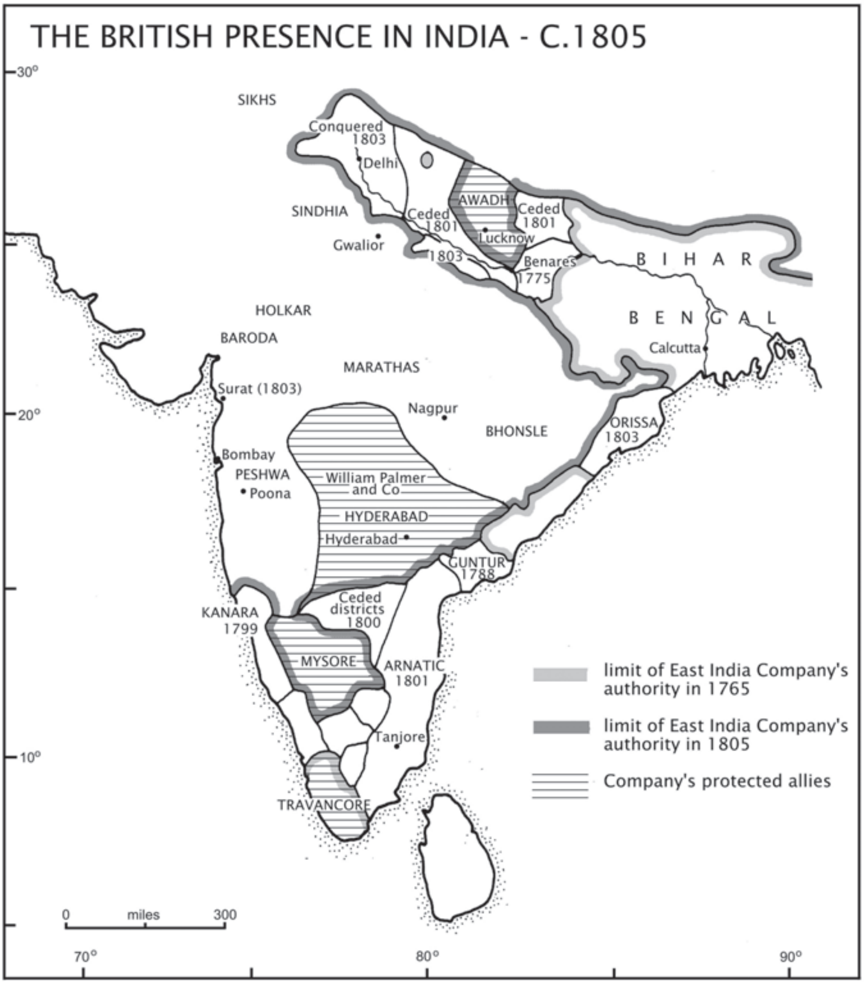
which he moved. It is therefore part biography and part business analysis. The combination is not merely whimsical or aesthetic. It is clear that most of the principles by which John Palmer conducted his business were governed by personal and social considerations. Trust, a vital ingredient for a global business at a time of primitive communications, was based upon kinship, social connection, affection and was frequently shaped or distorted by racial attitudes. In this respect, the personal and social dimension are indispensable for understanding what drove the business forward, how it worked, and why it managed to survive for so long.

In the first chapter, I set out the broader historical context of John Palmer's life: the rise and development of East India Company rule in India, the Company's conquest of new territories and the growth of its trade to China and south-east Asia, together with an explanation of the emergence of the agency houses. The contours and behaviour of British society in India are also outlined. The second chapter introduces the reader to the unfolding of Palmer's life and career, as well as his personality and the factors which shaped it. Chapter three provides an analysis of the business of John Palmer & Co., identifying the main groups of investors and clients, and exploring how Palmer conducted his commercial relationships with clients and partner firms in India, the east and London. The management structures and strategies of the firm are a central theme here. The fourth chapter focuses upon John Palmer's family and social life, and his relationships with the Indian community. A central theme is how domestic, social and racial considerations shaped the operation of the firm's business interests. In chapter five, John Palmer's political influence is examined and evaluated. In particular, his role in promoting British imperial power in south-east Asia, and his indirect involvement through his half brother in the financial affairs of Hyderabad, one of the Indian states, are used as case studies to explore the extent and limitations of his political reach. Chapter six follows the last ten years of the firm to its fall in 1830, and offers an analysis of the internal feuds and commercial errors which led to the catastrophic failure of John Palmer & Co. The consequences of this momentous event are also explored. The final chapter traces the last few years of John Palmer's life, and offers some thoughts on the significance of the firm for the study of British imperial and business history.

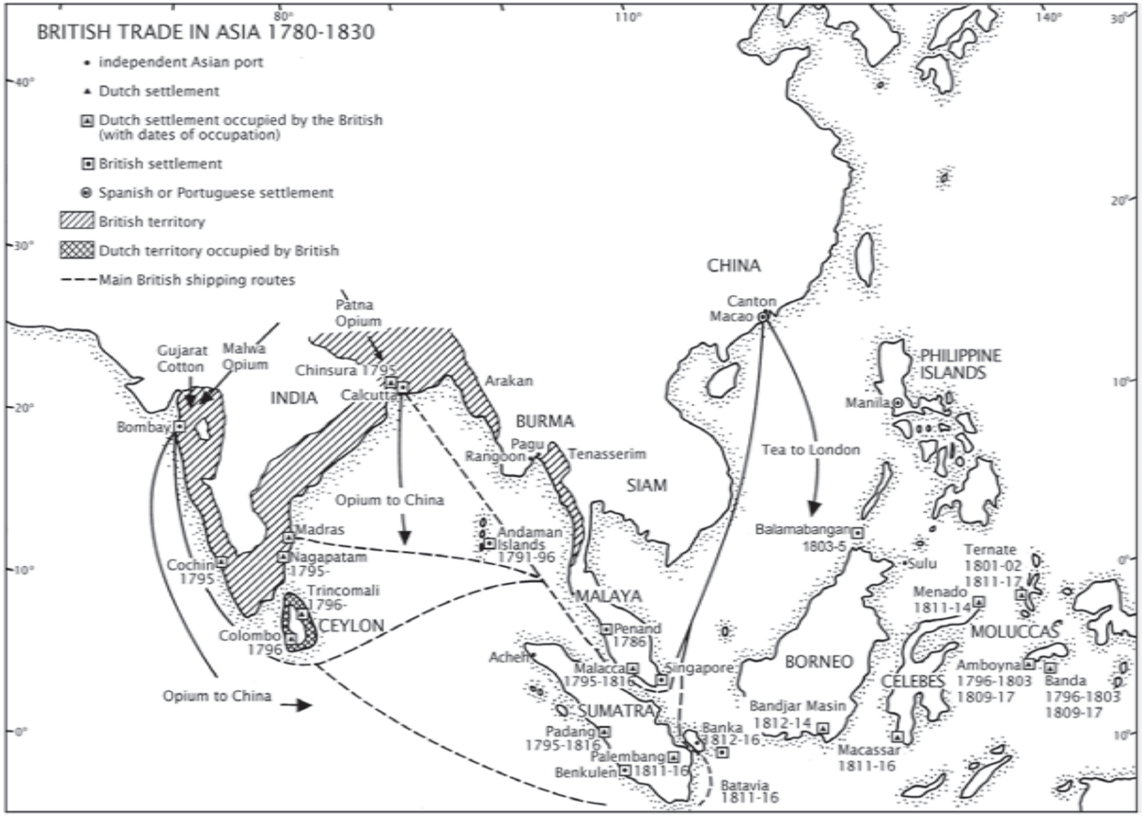
Inevitably this book has been made possible by the assistance of a wide variety of people over many years. I would like to thank my old teachers at the University of Birmingham, Ian Brown, Tony Hopkins, Peter Cain and Tom Tomlinson, for introducing me during the 1970s and 1980s to the field of British imperial history in the east. I must acknowledge the help extended to me in a very wide range of archives and record locations, including the staff of the British Library, London, and the Bodleian in Oxford. The weeks I spent in the magical atmosphere of the Duke Humfrey Library in Oxford in 1998 were among the most rewarding of my life. I acknowledge the financial assist-

ance afforded me by the British Academy South East Asia Committee, which enabled me to undertake research in India. I must also thank the Calcutta High Court for allowing me permission to consult their records, and its staff, who in early 2001 allowed their busy lives to be interrupted to assist a rather bemused foreign scholar seeking the insolvency papers of a long dead British merchant. The staff of West Bengal Archives were also extremely helpful, and here I offer my gratitude. David and Lorna Evans of the British Council in Calcutta were extremely helpful, and I here offer my thanks for their supportive kindness and friendship whilst I was in Calcutta. Edge Hill College provided financial support and encouragement, and I would like also to thank Stuart Bradbury for his comments on the script. Huw Bowen's and Peter Sowden's comments were invaluable in enabling me to improve the book, and Boydell and Brewer have been a pleasure to work with throughout the project. I must also thank the publisher Hodder and Stoughton for their permission to use the portrait of John Palmer shown in C.E. Wurtzburg's biography of Thomas Stamford Raffles, *Raffles of the Eastern Isles*. Lastly, but certainly not least, my love and gratitude goes to my wife Lesley with all my heart. She remains and will always be my inspiration.

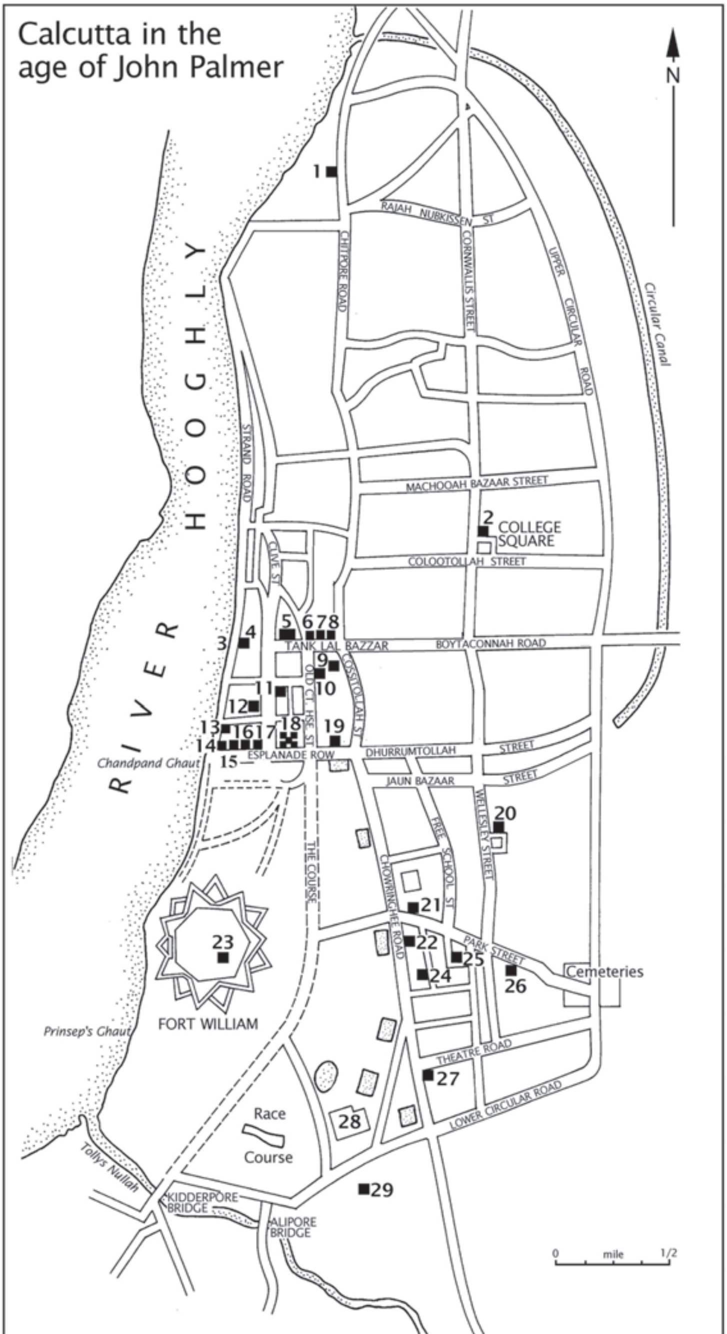
Tony Webster
University of Central Lancashire
September 2006



Map 1. The British presence in India c1805



Map 2. British trade in Asia 1780–1830



1 Black Pagoda
2 Hindu College
3 Custom House Wharf
4 Old Fort/Custom House
5 Writers' Buildings
6 St Andrew's Church
7 John Palmer's house
8 Magistrates' Court
9 Mission Church
10 Tulloh & Co
11 Exchange/College of Fort William
12 St John's Cathedral
13 Colvin & Co
14 Bank of Bengal
15 Supreme Court
16 Town Hall
17 Treasury
18 Government House
19 Bengal Club 1827-30
20 Madrassah
21 Asiatic Society's Building
22 Macaulay's house and Bengal Club
23 Fort William Government House
24 Old Bishop's Palace
25 St Thomas' R.C. Church
26 Sans Souci Theatre
27 Chowringhee Theatre
28 Jail
29 General Hospital

Map 3. Calcutta in the age of John Palmer

One

THE WORLD OF JOHN PALMER

ON FRIDAY 1 January 1830, most people in Calcutta must have anticipated an unmemorable weekend. Poorer Indians in domestic service would have expected the daily grind to intensify as their wealthy masters and mistresses put on lavish dinners and entertainments for friends. The endless round of hard physical work would continue for the Indian labourer, while his family, housed in huts in the shadows of the lofty mansions of the city's European elite in the streets around Tank Square and along Chowringhee, or in the northern 'native' quarter, would continue the round of domestic drudgery in poverty and squalor. In contrast, wealthier Europeans and Indians must have eagerly looked forward to the end of the week's business. The rich English merchant or high ranking East India Company official would take a carriage to an elegant weekend residence outside the city, perhaps at Garden Reach in the southern suburbs, where the pleasant mid winter sunshine could be enjoyed in the garden. There might be hunting or cricket for the gentlemen, while the ladies could visit the shops to buy the latest European fashions or see friends, to exchange the week's gossip. There might be a ball or public dinner at which one could dress in finery, be seen with one's superiors, seal marriage agreements, meet newcomers from home, bid farewell to those returning, finalise business deals or just get drunk. One might choose the theatre or a concert for amusement and cultural enrichment, or simply to be seen. Even the young, recently arrived East India Company writer, cadet or junior military officer would stretch his meagre resources to participate in Calcutta society. For them it offered the prospect of acquiring valuable connections among one's social superiors, the chance to meet a prospective bride, or an opportunity for drink and high spirits; to escape the loneliness, homesickness and fear of disease which was the lot of so many of these young men. Newly arrived young women, usually the daughters, sisters and cousins of those already resident in the city, would nervously await their introduction to society, often with hopes of courtship. Then on Sunday there would be church; St John's near Government House, for most English Protestants,

or St Andrew's next to the Writer's Building for the Scots. At St John's, the large size of the congregation and the high status of its leading figures, made attendance a social as well as a moral necessity. For both affluent Europeans and Indians, this would be a time for family, recreation and social events; as well as religious obligations.

According to a leading Calcutta newspaper, the *Bengal Hurkaru*, the weekend of 2–3 January appeared to follow a familiar pattern. On Friday night there was a sumptuous ball at the Government House to welcome the newly arrived Earl of Dalhousie, recently appointed to the Bengal Council.[1] In attendance were 'all the rank and fashion of Calcutta', and the occasion was only marred by the absence of Lord William Bentinck, the Governor-General, who was confined to his rooms by illness. On the following evening there was a formal dinner at the Bengal Club to bid farewell to Lord Combermere, a retiring member of the Council and Commander of the armed forces.[2] The usual toasts were given to the royal family, the Governor-General and all and sundry of note. The paper also reassured its more culturally inclined readers that the Chowringhee theatre would reopen on Friday 8 January with a programme of melodramas.[3] Life seemed to be following its normal, opulent course.

But in the offices of the city's leading private commercial firm, events were unfolding which would plunge hundreds, and eventually thousands into abject misery. The events would engulf some of the most highly placed Europeans in the country, as well as prominent wealthy Indians. Within three years a chain of commercial bankruptcies would bring all the leading British mercantile firms of Calcutta crashing down, ruining thousands in India and England, and triggering the worst Indian economic crisis in living memory. This, and political developments in Britain which cost the East India Company its monopoly of trade to China and its status as a commercial organisation, would transform the political and commercial landscape of British India. Thereafter, the Company's activities would be confined to administration and government. Following the demise of the older agency houses the new, successor commercial firms would operate on very different principles, depending much more upon the resources and leadership of connected firms in London. The Calcutta commercial crisis would temporarily dissolve British illusions of commercial superiority, and briefly open the way for a few prominent Indian businessmen to establish themselves as equals. Fleetingly, men like Dwarkanath Tagore, of Carr, Tagore & Company, seemed to become major players in the commercial world of British India.[4] It would prove a false dawn, to be followed by sharp division between the European and Indian commercial communities. Such were the consequences of that ill-fated January weekend.

The epicentre of the disaster was Old Fort Street, at the office of John Palmer & Company, renowned as the wealthiest and most reliable of the six agency houses which had dominated the commercial life of the city for almost

forty years. During that weekend, fearful and frantic discussions were going on behind the doors of the company. Contrary to its public reputation, the firm had been in financial difficulties for years, and in the last days of 1829 matters had come to a head. The London finance house of Cockerell, Trail & Co. had been intimately connected with Palmer and Co. for decades, advancing loans and investing in the Calcutta firm to the tune of several hundreds of thousands of pounds by the end of the 1820s. Several of Palmer & Co.'s retiring partners had returned home and joined the London house, draining much-needed capital and bringing tales of financial mismanagement and impending doom. The London firm had concluded by the end of 1829 that the extent of its exposure to Palmer & Co. was no longer prudent, and they therefore sent instructions to Calcutta to call in a substantial portion of the Calcutta firm's debt. It issued its demands on Palmer & Co. through Sir Charles Metcalfe and John Elliott, senior figures in the Bengal administration who were enlisted as attorneys. Cockerell, Trail & Co. wanted not only an immediate and substantial reduction of Palmer & Co.'s debt, but also the Calcutta firm's acquiescence in the scrutiny of its financial affairs by the London firm's agent, Mr Thomas Speir, due to arrive shortly with Richard Howe Cockerell, nephew of Sir Charles Cockerell, a senior partner in the London firm. Failure to comply would result in bills of exchange presented by Palmer & Co. to Cockerell, Trail & Co. being rejected – a devastating blow to Palmer & Co.'s reputation, and one which would undoubtedly bring them crashing down.[5] Palmer & Co. rejected this ultimatum as a malicious threat calculated to do them harm. At the same time they tried to reassure the London delegation that goods were in transit to London which would substantially reduce their debt to Cockerell, Trail & Co., and that indigo factories and other assets might, in due course, be made available to the London firm to diminish the liability.

By the last day of 1829, however, it was rumoured that Palmer & Co. could not survive without help from the other agency houses. On Sunday 3 January 1830 a meeting at Palmer's offices attended by Metcalfe, Elliott and the heads of all the major Calcutta commercial firms heard George Prinsep, a partner in Palmer & Co., describe the firm's plight in the starkest terms. Without a loan of 26 lakhs of rupees (approximately £260,000), Palmer & Co. would be ruined, together with most of their creditors. For Cockerell, Trail & Co., Elliott stated that if the meeting agreed to lend Palmer & Co. the required sum, then he and Metcalfe could be reassured of the long term viability of the firm, and drop their demands for immediate repayment of debt. Ominously however, he would require a clear assurance that such assistance would be forthcoming, because 'he had heard some of the gentlemen present express doubts on the subject'.[6] He and Metcalfe then retired to await the deliberations of the meeting. In the hours that followed, Palmer and his partners learned to what depths their once unassailable reputation had fallen. Only John Smith, the head of Fergusson & Co. spoke in favour of giving help, but

his warning that the fall of Palmer's would have disastrous consequences for the other firms was 'hooted down'.[7] General pessimism about the underlying state of Palmer & Co.'s business, and unfounded rumours that the firm's bills had already been refused in London, cast doubt upon the security of any loan which might be granted by the meeting. Sourly, William Prinsep, brother of George and also a partner in Palmer & Co., suspected that some 'hoped to benefit by our fall'.[8] By the late afternoon it was agreed: Palmer & Co.'s doors would remain closed on the following morning, and the firm would be declared insolvent.

John Palmer, then sixty-four years old, did not record his own feelings about the calamitous end of a long and illustrious career, but he well understood that it meant immediate personal financial ruin for both himself and hundreds of his creditors, many of whom were personal friends.[9] Writing forty years later, William Prinsep gives a much clearer picture of the despair and shame of that day, and its indelible emotional scars:

> All I can remember is that I hurried home and threw myself into my Mary's arms in an agony of distress which lasted all that night. It was too absorbing even for prayer.[10]

Within a few weeks, Palmer's own assets were up for auction, and he was forced for survival upon the charity of friends.[11] But even more bitter was the sorry plight of those creditors who had trusted him with their all, only to find themselves pauperised overnight. Palmer used what little influence he had left to help the needy, especially widows and their families whose livelihoods had depended upon funds placed in trust with his company. In June, through the assignees of his now insolvent firm, he pleaded unsuccessfully with the Insolvent Court to permit the payment of Rs40 monthly to a Mrs Anna Speke, who had lost over Rsl0,000 with the firm, her only source of income.[12] The depth of suffering in some cases was truly heartrending. The widow Mary Craig and her four children were forced to apply to St John's Church for poor relief. Mr Llewellyn, an official of the vestry of St John's found her 'in great distress', living in a squalid single room near the Calcutta gate.[13] Mrs Ann Mayer, widow of George Henry Mayer, Register (Registrar) in the Secret and Political Department of the Bengal administration was compelled to live on a meagre allowance from St John's of Rsl6 a month, to support two daughters and three sons. When her husband was alive the household had enjoyed an income of Rs400 per month. Once again, the vestry meeting was told that she had been 'reduced to the greatest distress'.[14] Mrs Francis Dunn lost Rs40,000 in a trust to support her and her three children, a sum which would have yielded approximately Rs260 per month assuming the usual interest rate of 8 per cent. Following the crash, she and her family had to manage on Rs20 per month from the vestry.[15] Many Indian investors also suffered, losing in some

cases very substantial amounts. For example, the first schedule of creditors produced for the Insolvent Court included such prominent Indian merchants as Goluckchunder Doss, owed Rs28,474, and Rajah Nurrohurry Chunder Roy, who lost Rs56,000.[16] These were but a few examples of the hundreds to suffer immediately from the collapse of Palmer & Co., and the thousands who were to be ruined by the ensuing economic depression and subsequent commercial failures.

The failure of Palmer & Co. was thus a traumatic turning point in the economic history of British India. For contemporaries the failure was made even more shocking by the formerly impeccable reputations of both the company and John Palmer himself for honesty, reliability and wealth. Only a few years earlier, no less a figure than the Governor-General had described Palmer as the 'Prince of Merchants', a title in which Palmer thoroughly revelled.[17] John Palmer, and indeed the other commercial firms of early nineteenth-century Calcutta have figured prominently in the work of many historians of British India; the most notable being Amales Tripathi's groundbreaking study of British financial policy in Bengal between 1793 and 1833.[18] Indeed, all histories of the East India Company, British rule in India, or British trade and imperial expansion in China and south-east Asia have had to address the role of the agency houses in considerable depth. Inevitably they have all touched upon the career of John Palmer. Surprisingly, however, no dedicated business history of one of these firms has been produced. Yet such a study offers not only new insights into the principles and problems which shaped these commercial organisations but also the ways in which social, family and ethnic relations influenced their outlook and commercial decision making. It also offers a unique opportunity to examine in detail the lives and behaviour of the men who ran these firms, placing both within a personal and social as well as an economic context. Indeed, a full understanding of all these aspects of their lives is essential when evaluating the various historical debates which have surrounded the activities of the British agency houses. A combined biography and business history of such a prominent merchant as John Palmer promises to bring out new insights into the commercial world of the agency houses and the British colonial system of governance in early nineteenth-century Bengal. In the chapters which follow, the full range of Palmer's business interests will be explored, together with his often difficult personal and family life. But before we embark upon a career which spanned over forty years, a general introduction to the turbulent and changing world of British India between 1780 and 1833 is essential, if the difficulties and complexities which Palmer faced are to be understood.

When John Palmer first entered the agency house of Burgh & Barber in the early 1790s, the British East India Company had been trading on the sub-continent for almost two hundred years, and had ruled Bengal for over thirty.[19] The British also enjoyed a high degree of informal control over eastern

and central India, through the subsidiary alliance system which placed major Indian princely states such as Hyderabad and Awadh under Company 'protection', supervised by British Residents at the royal courts, and strengthened by the garrisoning of Company troops on local soil. British relations with these states, though superficially on an equal footing, increasingly displayed the characteristics of informal empire.[20] As British military prowess became more daunting, Indian rulers embroiled in these alliances became less inclined to defy the will of their 'allies', even when this involved a growing assertion of British control over local revenues to pay for British protection. Furthermore, a new wave of expansion was beginning which would extend British power and control into the south, and eventually over most of the sub-continent. A series of wars with regional states between the 1790s and 1840 established the East India Company as the dominant power in India. Wars against Mysore in the south established British control by the end of the 1790s, while Lord Wellesley's campaigns against the Marathas between 1803 and 1806 spread British control across central India. This was consolidated and extended by further conflict in 1817–1818, shortly after the conclusion of war with Nepal (1813–1818). The Anglo-Burmese war of 1824–1826 secured the eastern border and added the territories of Arakan and Tenasserim to the British empire, as well as establishing a springboard for further expansion later in the century. The rise to power of the Company from its early eighteenth-century status of only one of several European trading companies struggling to preserve its commercial existence, to its position by 1840 of imperial overlord was spectacular, prodigious and unplanned.

Inevitably there has been protracted debate about the reasons for British imperial conquest, but historians agree that several factors pushed the British forward. The Mughal empire had been disintegrating since the early eighteenth century, a process fuelled by nomadic military invasions from central Asia, regional economic growth and the emergence of regional polities able to challenge the power of Delhi.[21] As a wealthy trading organisation, the East India Company soon realised its vulnerability to the demands of these warring local rulers, who were hungry for new sources of revenue to strengthen their power and extend their territories. It learned to protect its interests by developing a military wing, and it came increasingly to behave like the regional Indian powers with which it had to deal. The decisive step in 1757, when the Company's forces defeated Sirajudaullah of Bengal at the battle of Plassey, began a journey to continental domination. Many Company officials came to recognise that conquest and intimidation could be powerful tools to further both their individual and the Company's commercial fortunes, breaking down barriers to trade and securing access to Indian networks of finance. Conquest and the subsidiary alliance system also increased the costs of the Company's fast growing army, and the acquisition of new sources of revenue therefore became a motive for territorial expansion, a phenomenon

described by some historians as 'military fiscalism'.[22] Then there was the fact of intense European rivalry in the eighteenth century, which triggered a series of wars between Britain, France, Holland and Spain, culminating in the Napoleonic global conflict of 1793–1815. These wars were fought in the colonies as well as in Europe, and helped stimulate British expansion in India, as the rival European East India Companies engaged in a struggle for the trade and resources of the sub-continent.

But imperial expansion and global conflicts brought severe problems for the British Company. Continental war necessitated the creation of a vast and expensive war machine which swallowed up its trading profits. Out of necessity, the East India Company evolved from its commercial origins into an organ of government. This new role enabled it to gather tax revenues to pay for military power. From the granting of the *diwani* (the right to collect taxes) in Bengal to Robert Clive in 1765 by the emperor Shah Allam, the very character of the Company began to change. It became a political and administrative power on the sub-continent, and ended any prospect of a return to its roots as an exclusively trading organisation. At the heart of the financial difficulties which beset the Company in the ensuing decades was the abject failure of its directorate in London to either understand the problems their subordinates faced in India as the old Mughal empire disintegrated, or to curb their excessive greed. The huge distance and difficulties of communications was one factor in this, but so also was incessant infighting and party political interference in the affairs of the directorate itself.[23] In the mid 1760s, when control of Bengal and its revenues was consolidated, a mood of optimism pervaded the Company's ranks in London and India. Indian revenues at first seemed to offer a huge reservoir of capital which the Company could tap to expand its trading activities. Chinese tea was also proving to be spectacularly popular in the British market, and the expansion of the trade between India, China and Britain promised escalating profits. Since the East India Company enjoyed a monopoly of trade between Britain and India, and also Britain and China, it seemed well placed to take full advantage of these new opportunities. But within six years, this comforting illusion had dissolved. Company servants in Bengal and elsewhere proved to be much more adept at pursuing their own private commercial concerns than those of their employer, and the costs of defending and policing the new Company possessions in Bengal proved more burdensome than expected. Greedy Company men transmitted their newly acquired fortunes to London via company bills of exchange payable from the East India Company treasury in London. By 1771, so heavy were these drafts that the Company had insufficient cash to meet them, plunging it into the most serious financial crisis in its history.

The crisis confirmed the misgivings felt by many politicians in London about the transformation of the East India Company from a purely commercial organisation into a political power pursuing its own foreign policy, the

principles of which might not coincide with those of His Majesty's government, and which could be rendered unsustainable by the financial demands of military engagement. As a result, the British state's response to the Company's need for financial assistance in the early 1770s was designed to curb both the political independence of the organisation, and the financial excesses of its servants. Lord North's Regulating Act of 1773 attempted to assert control over the Company's conduct of Indian affairs through the direct supervision of its affairs by the cabinet.[24] A new position was created, the Governor-General, who would be appointed jointly by the cabinet and the Court of Directors, together with a Council of four subordinate administrators. The Governor-General and his council would enjoy supreme command of Company affairs on the sub-continent, answering only to the British government and the Court of Directors. In return for accepting this diminution of its independence the East India Company received a loan of £1,400,000 to meet its financial needs. Other reforms regulated membership of the Court of Proprietors, the body of shareholders who elected the Court of Directors, and also established a Supreme Court in Bengal with legal jurisdiction over the British in India, which was appointed by, and answerable to, the British Crown.

But these reforms failed to curb either the East India Company's financial mismanagement or its expansionist tendencies. The first Governor-General, Warren Hastings (1773–1785), proved to be just as supportive of reckless imperial adventures and expansion as those who had preceded him, and no better equipped to stamp out peculation among Company servants. Furthermore, British defeat in the American War of Independence impressed upon British politicians the urgency of new reforms to prevent the collapse of the East India Company under the weight of corruption within its own ranks. The loss of one empire had been bad enough; the loss of a second would be simply unacceptable. Pitt the Younger's emergence in the early 1780s as the champion of the national interest rendered change unavoidable. The India Bill of 1784 sought not only to assert unequivocally the British state's mastery over Indian affairs, but also to eradicate corruption and mismanagement within the Indian administration. The Bill itself was radical enough; it established a new government department, the Board of Control, with supreme control over all political decisions in the east. The President of the Board enjoyed cabinet rank in government, and in future all Company correspondence touching upon political matters was subject to the Board's scrutiny. Appointment and accountability of the Governor-General would in future be strictly the preserve of the British government through the new Board of Control. Neither did the new spirit of reform stop at the provisions of the India Act. The architect of the legislation, Henry Dundas, persuaded Pitt, the Prime Minister, to maintain the impetus of reform through the appointment of a new Governor-General with specific orders to stamp out corruption within the Indian administration, and establish principles of sound finance

and prudence. In 1785, Warren Hastings was replaced by General Charles (later Lord) Cornwallis, a politician and soldier with an unfortunate military record in the American war to live down. Hastings returned to face blame for mismanagement of Indian affairs and impeachment by Edmund Burke and other moral critics of the East India Company, lending Cornwallis' reforming mission even greater momentum. He did not disappoint his superiors. Cornwallis proved to be relatively immune to the temptations of imperial conquest, confining military operations to the defence of the Company's ally, the ruler of Travancore, against aggression from Mysore in the war of 1789–1792. He also imposed stricter discipline on government spending in India in an effort to suppress the inexorable growth of the Company's establishment in Bengal and elsewhere. But even more important than these policies were the major reforms he pioneered in Bengal's system of taxation, the fiscal taproot of Company rule and political power, and in the structure and ethos of its administration in India. The bedrock of Cornwallis's fiscal reforms was the Permanent Settlement of 1793, which fixed in perpetuity the taxes paid by the principal collectors of revenue, the *zamindari* landholders. The aim was not only to secure the revenues necessary to meet the financial pressures on the Company arising from military conquest, but also to promote the emergence of a commercially conscious class of landowners with a strong incentive to promote agricultural improvement. Together with reforms in the Company's administrative machine, this reset the parameters of British rule in India forever, and formed the context in which the agency houses and men like John Palmer rose to prominence.

Cornwallis revolutionised the Company bureaucracy in India. From 1787, the vast majority of Company servants were prohibited from involvement in private trade on their own account. In compensation, they were paid higher salaries and promised better opportunities for promotion through merit rather than patronage. This began the transformation of the East India Company civil service into a more modern, professional organisation, committed to the effective governance of India by trained administrators equal to the task. Later reforms built upon Cornwallis's initiative, notably the creation of a system of professional education (most notably the establishment of an East India Company college at Haileybury in 1809) which provided instruction in the administrative, commercial and language skills essential for good government.

The implications of Cornwallis's exclusion of Company servants from private enterprise for the structure of European non-Company commercial activities were profound. Up to the late 1780s there had been a small number of European individuals in the East India Company presidencies (the main administrative centres of East India Company) who were not employed by the Company and who eked out an independent living by engaging in commerce on their own account, particularly in the 'country trade', the maritime trade

in Asia and the eastern seas which did not infringe the Company's monopoly of trade to Britain. But these 'free merchants' were relatively few in the early 1780s, and though their numbers were growing as new trading opportunities in China and south-east Asia tempted newcomers from Britain and other parts of the empire, they were always tolerated rather than embraced by the Company authorities. Indeed, East India Company servants, bolstered by the political authority of office were usually much more successful in their pursuit of private commercial deals than independent free merchants of solitary status and limited means. The Cornwallis reforms changed the rules of European private enterprise by excluding the Company servants from private trade and allowing a free hand for non-Company Europeans in a wide range of Indian and eastern branches of commerce. In addition to the country trade, there were also opportunities in the production and trade in numerous Indian commodities such as opium, raw cotton and cotton piece goods, indigo, sugar and coffee. But the enhancement of East India Company servants' salaries and their exclusion from private trade opened up a completely new and lucrative field of activity – banking and related financial services. Company employees needed channels of investment for their increased earnings, which would both secure a healthy return on savings and provide a medium for transmitting wealth home. The latter objective in particular was not easily achieved under the Company's monopoly of trade to Britain. Though limited space aboard Company vessels was set aside for East India Company ship captains to carry cargoes on their own account (the 'privilege trade'), busy Company servants rarely had the time, knowledge or network of contacts to make deals with those captains willing to sell their privilege cargo space to others. In addition, few of them enjoyed contacts in London who could invest their money and attend to their financial needs once remittance home of their wealth had been achieved.

Some free merchants began to meet the demand for these financial services even before the Cornwallis reforms had been put in place. This was evident in the emergence of a new kind of commercial firm which combined financial and banking operations with commercial activity: the agency house.[25] An agency house provided banking facilities for the growing numbers of Company servants and army officers who required a profitable and safe repository for their salaries and savings. To facilitate the remittance of savings home, many of the agency houses developed links with 'sister' houses in London, who would sell cargoes sent through the privilege trade and invest the proceeds or make payments to the relatives of Company employees in England as required. The agency houses cultivated close personal and commercial contacts among the East India Company ship captains, to ensure a consistent and reliable channel of commodity based remittance. Other modes of remittance, such as East India Company bills of exchange payable in London, were also managed by the agency houses and their metropolitan partners. Many of these London

houses were staffed by former free merchants and later by former partners of Indian based agency houses who had retired to London, taking their share of the Indian firm's fortunes with them. Thus the agency houses developed trans-continental business networks, progressively establishing new branches through their involvement in the country trade and in commerce with other nationalities, notably the Americans and the Danes who were extending their own trading networks throughout the eastern seas.[26]

Banking activities furnished the agency houses with a substantial reservoir of capital for investment in the country trade and the nascent sectors of commodity production. Indigo cultivation and processing, cotton production (both raw and piece goods) and shipbuilding were but a few of the sectors developed by the houses. Thus a dramatic expansion of the non-Company European commercial sector was made possible, offering significant benefits to the East India Company as well as the agency houses themselves. Although some of the earliest houses had emerged in Bombay, Calcutta's status as the centre of Company power ensured that its own agency houses would rapidly overtake those of the other presidencies. By 1790, there were fifteen houses based in the city, amongst which was the firm of Paxton, Cockerell & Delisle, which would eventually become, through a series of partnership changes, the house of Palmer & Co.[27] The most immediate benefit offered by the agency houses to the East India Company was in the emerging trade between India, and China. Following the financial difficulties of the 1770s and 1780s, the trade to China supplied commodities for the European market which promised to transform the Company's commercial fortunes. Chinese tea was an increasingly popular import into Britain from the east throughout the eighteenth century, and its consumption was boosted considerably by the reduction of duty on it by the Commutation Act of 1784. Company officials believed that a substantial expansion of this branch of trade could put their finances back on an even keel.[28] Initial difficulties in finding a commodity which could be sold to the self-sufficient Chinese to finance tea purchases, seemed to be solved by the development of Indian opium production and export in the 1780s. But official Chinese resistance to the import of the drug forced the British to smuggle it into China at Canton, through the collusion of the Hong, a syndicate of authorised Chinese merchants.[29] Politically, the Company could not afford to jeopardise its official trading station at Canton by directly provoking the Chinese authorities, so the controversial sale and export of opium to China was placed in the hands of first the European free merchants, and from the late 1780s, the agency houses. There developed a symbiotic relationship between the East India Company and the agency houses in the China trade, which benefited both parties for forty years, until the collapse of the agency houses in the early 1830s and the abolition of the Company's monopoly of trade between Britain and China. The relationship also ensured

that the Company's leaders could rarely ignore the interests and opinions of senior agency house merchants.

The Company benefited in two ways. Firstly, it enjoyed a monopoly of the production of opium in India, and its sale to the agency houses, particularly at Calcutta. This brought in funds to help meet the heavy costs of the Company's political and military activities. Secondly, the houses undertook the costs and risks of shipping the opium to Canton, where partner firms paid the receipts from their sales to the Chinese into the East India Company's treasury, providing its representatives (the Supercargoes) the funds with which to purchase the tea for shipment by Company ships to London. In return, the agency houses received bills of exchange payable in either London or Calcutta, supplying them with a safe form of remittance of their profits to India or England. Between the 1790s and the early 1830s, this partnership between the Company's administration in India and the agency houses became very close, though not always free of tensions. John Palmer's relations with an array of Company men in both the civil and military branches of the Company's service, and all over the east, epitomised this mutual dependence between the East India Company and these non-Company businessmen.

In fact the relationship between the agency houses and the East India Company was severely tested during this period by the political turbulence which wracked the globe as well as the Indian sub-continent. In addition to the intermittent wars with Indian powers, the Company was also forced to defend itself against the French after the outbreak of the Napoleonic wars in 1795. Besides meeting the costs of protecting its shipping from French naval operations, the Company had to fund military operations on behalf of the British state, notably the conquest of Dutch colonial possessions in south-east Asia, undertaken to prevent them from falling into enemy hands following the French conquest of the Low Countries in 1795. Malacca and the spice islands of the Moluccas were seized in 1795, and later Java was occupied from 1811 until shortly after the final defeat of Napoleon. The most serious consequence of these developments was the return in the first decade of the nineteenth century of the severe financial problems of the 1770/80s. Quite simply, the costs of military activity against Indians and the French soon began to swallow up the tax revenues of Bengal, and the scale of East India Company borrowing thereafter (both in India and in England) diminished the prospect of the Company ever again establishing itself as a truly viable commercial entity. As military expenditure grew, so the Company had to borrow to pay for its trading activities. Much of this borrowing took the form of paper security issues in India itself, effectively East India Company treasury bills sold to Europeans and wealthy Indians, which carried quite high rates of interest. There were numerous such issues in the first thirty years of the nineteenth century to meet the sudden, escalating costs of war. The agency houses proved useful to the Company in these bill issues, promoting them to their clients

(or 'constituents' as they were known) as a remunerative component of their savings. But as the financial problems of the Company mounted, its borrowing requirements began to undermine the firms, because investors began to choose East India Company securities in preference to depositing their savings with the agency houses. This trend threatened to starve the houses of the working capital essential for their commercial operations. To counteract it, the houses had to pay higher rates of interest on deposits, a policy which ate remorselessly into their profits. These problems came to a head during the Anglo-Burmese war of 1824–26, when the unexpected costs of this difficult conflict forced the Company to borrow very heavily indeed. The agency houses were compelled to pay interest on deposits of eight or nine per cent, instead of the usual four or five.[30] Although the situation eased somewhat after the cessation of hostilities, the houses were left with substantial debts, and had to be bailed out by loans amounting to Rs2,000,000 from the Company in 1827.[31] This indebtedness, and several other problems, helped to bankrupt the houses between 1830 and 1834, starting of course with Palmer & Co.

If these difficulties were not enough, the deterioration of East India Company finances brought other complications. As early as the first decade of the nineteenth century it was becoming clear to politicians that the reforms of the 1780s and 1790s had not after all solved the Company's financial problems. Between 1802 and 1808, the Company's debts rose from £18 million to £32 million.[32] This rapidly undermined political confidence in both the East India Company's leadership and the privileged position it enjoyed as monopolist of trade to the east. Wider economic developments contributed to this impatience. The industrial revolution had created new classes of factory capitalists, merchants and workers in the great northern industrial cities of Manchester, Liverpool, Leeds, Glasgow and Birmingham. The industrialists and traders were hungry for profits and new overseas markets; the workers were frequently just hungry. The northern industrialists and outport merchants had lobbied unsuccessfully for an end to the East India Company's India monopoly at the time of the negotiation of the Company's Charter in 1793. But the Company's financial failures and the social unrest caused by the loss of overseas markets, food shortages and inflation, stemming from wars with France and the USA (from 1812), persuaded Lord Liverpool's government in 1813 that the India trade should, at last, be thrown open.[33]

The initial response of the agency houses to this liberalisation of the India trade was favourable. Most of their London corresponding firms had supported the opening of the India trade since the 1790s, and they believed this would bring greater commercial success. Would it not be easier to remit the fortunes of their clients to London through the unimpeded channel of open commerce with Britain? Any anxiety that this might simply drain the Bengal houses of their reservoir of deposited capital was dispelled by the firm belief that free trade would bring a myriad of new commercial opportunities

in India, as the colony, its capitalists and inhabitants, freed from the stifling restrictions of the East India Company's trade monopoly, realised the potential of Indian agriculture to supply the British market. Thus the transmission home of agency house capital would be slowed and counteracted by the higher returns available for funds invested in Indian enterprise. Then there were the opportunities offered by the export trade to India from Britain. Many agency house merchants believed that their own expertise in Indian market conditions would afford them a prominent role in the development of that promising branch of commerce. There was thus considerable optimism among the agency houses about the 1813 Charter Act, which opened the trade between Britain and India.

But the reality soon brought serious problems which perhaps should have been foreseen. In truth, the Calcutta agency houses had grown up in a cosseted environment. The East India Company strictly controlled the settlement of British and European merchants in India, thereby limiting the competition faced by the agency houses in the country trade, Indian commercial enterprise and in attracting the deposits of the European community. Important fields of commodity production, most notably Indian cotton piece goods, were insulated from British and foreign competition. At the time of the liberalisation of the India trade there were perhaps six main houses which dominated the various realms of non-Company commercial activities, and which were protected from new competition by the Company's monopolistic regime. The main players were Palmer & Co., which led in the fields of indigo production and dealing in government securities; Fairlie, Fergusson & Co., who were the main shipowners (until being overtaken by Palmer & Co. in the early 1820s); and Alexander & Co. who owned the Hindostan Bank, led in insurance and maintained a strong presence in the indigo trade.[34] But after 1813 there was an influx of British entrepreneurs. The agency houses were confronted by a large number of new, small firms, which began to compete in the country trade and other activities traditionally dominated by the older houses. The number of British firms operating in Calcutta doubled between 1815 and 1820, from about fifteen to thirty-two.[35] Many of the new firms specialised in the import of British-made cotton goods which undermined the locally produced cloth in its own market. By 1818 there was a glut of British manufactures in Bengal unable to find a market, and idle ships in the Hughly at Calcutta, bereft of profitable cargoes.[36] Contemporary observers suggested that the excess British imports and competition damaged the traditional houses in two ways. John Crawfurd, a commentator on Indian economic affairs, noted that this increased competition forced many of the traditional houses to undertake unsound investments in housing and shipbuilding, tying up precious funds in activities unable to deliver an adequate return. He argued that herein lay one of the principal reasons for the eventual failure of the houses.[37] James Silk Buckingham, once editor of John Palmer's newspaper, *The Calcutta Journal*,

criticised the traditional houses for not engaging in the export of British manufactures to India; but given the glut and consequent falling prices of those products, it seems that their abstention may have been based upon a sound assessment of the actual potential of that branch of commerce in the difficult early years of free trade.[38] Whilst it would be simplistic to attribute the eventual demise of the agency houses and their commercial system entirely to the destabilising consequences of trade liberalisation, it was undoubtedly a contributory factor.

Hindsight might tempt one to look for signs that agency house merchants and senior Company officials recognised the gathering storm surrounding the British commercial system in India from the late 1810s; but in fact there was considerable optimism about future prospects. To some degree this reflected the unpredictability of the Indian economy, which seemed to recover from intermittent phases of depression as quickly as it lapsed into them. The early 1820s, for example, saw a boom in indigo production, and it was briefly anticipated that the Company's huge budget deficit might be being brought under control.[39] Although the Burmese war dashed these hopes, a general conviction prevailed that given time and luck, all would be well. After all, had not the British made themselves lords of the east, after over half a century of warfare against Indians and Europeans? In addition to the subjugation of most of the Indian sub-continent by the 1820s, British hegemony over much of south-east Asia had been secured by the treaty of 1824 with the Dutch. Indeed, victory over the French in 1815, combined with the startling growth of their emergent industrial economy had established the British as the most formidable power in the world. Little wonder that optimism overcame all worries about short term economic difficulties. The hubris of global imperial dominance left little room for doubt. The lifestyle and culture of the great Anglo-Indian cities also reinforced this unchallengeable sense of confidence. Of nowhere was this truer than the British capital of India, Calcutta.

John Palmer's business career was launched in the early 1790s in an Indian colonial society which had already acquired a unique identity. In few other corners of the empire were such strenuous efforts made by prosperous Europeans to reproduce the best of life at home. But this remained a colony built on firm Indian foundations. The complex and ancient Indian hierarchies of religion, caste and social status continued everywhere, regardless of foreign domination. The British presence was certainly visible, in both the political institutions and the grand architecture springing up in the great imperial cities of Bombay, Madras and Calcutta. Most Britons were only too eager to emphasise their essential Britishness, their separateness from, and innate superiority to all things Indian. In buildings and lifestyle, the British sought to recreate the most prestigious aspects of Britain. This was seen in the grandiose classical European palaces of the high ranking Company servants and wealthy agency house merchants. It was also evident in their attempts to emulate the

leisured lifestyle of the British aristocracy, including the acquisition of armies of liveried servants and elegant homes ostentatiously displaying the finest of European culture and taste. Yet such imitations of home were only possible because of the very nature of India and its society. The presence of an abundant and cheap labour force, accustomed through caste to subservience and social hierarchy, furnished the British with servants and flunkies. Muslim and Hindu moneylenders opened their coffers to aspiring European social climbers, while craftsmen familiar with the demands for luxury from Mughal and Hindu dignitaries adapted their skills to cater for European tastes. The Britons who populated India may have been trying to copy the elegance and style of London high society and the country estate, but what made it possible was the Indian bedrock upon which their colonial social structure was built.

Perhaps the most formative characteristics of European society in India were its sparseness and intense militarisation. As late as 1830, it was estimated that of a total European population in India of only 42,108, more than 36,000 were soldiers and officers.[40] At least one recent writer has stressed the dominance of military culture and priorities in the governance of India throughout this period, and John Palmer was advantageously placed to capitalise on the opportunities this offered.[41] The high costs of European soldiery compared to their Indian counterparts persuaded the Company to recruit the bulk of its armed forces locally, although a standing force of about 20,000 European troops was maintained in case of mutiny by the Indian sepoys.[42] The incorporation of Indian warriors into the British army was also a way of divesting would be rebel Indian leaders of the military means of mounting an effective challenge to British rule. These British and Indian forces were scattered across the sub-continent in garrisons strategically located to enable a rapid response to any uprising or disorder; for in spite of their conquest of most of India by the 1830s, the British continued to see themselves as vulnerable interlopers in a hostile land. For the agency houses, the European troops were a major source of commercial capital and business.

Outside the main centres of British power, traditional Indian political and commercial life went on much as before. The British in the rural areas, and even in sizeable urban centres like Benares, Patna and Lucknow, found themselves presiding over a society which bore few immediate signs of the wider British presence. Of course, Company soldiers and servants, private merchants, indigo planters and other British settlers did their best to recreate the comforts and lifestyle of home through an active and close (if sparse) expatriate community in the locality. Historians have noted how a culture of separateness, of aloofness from local Indian society, gradually grew up from the later eighteenth century. Of course relations with local Indians could be extremely intimate. For much of the first century of British rule most Europeans were men, and loneliness drove many into the arms of Indian wives or concubines, though such liaisons became less acceptable as the Indian empire

was consolidated, and more women arrived from Britain.[43] A sense of remoteness, and sometimes vulnerability in the *mofussil* (the generic term for British communities outside the great presidencies), made all kinds of contact with the larger and more secure British communities in the presidencies highly desirable. For Company servants and soldiers, relations with their respective service hierarchies were obviously an important source of social contact with urban imperial India. But during the period under consideration, the agency houses came to provide a crucial medium of communication, not only with Calcutta and the other presidencies, but also with friends, relatives and commercial contacts in Britain. A lowly Company servant, soldier or indigo planter, would look to one of the great agency houses of Calcutta not only to manage his savings and provide him with credit, but also to provide advice on most aspects of personal and financial life. Unsurprisingly, this would often include instruction on the making of wills, establishing trusts for the maintenance of relatives, general advice on investments and the best way to arrange remittance to relatives and partners at home.

However, what is missing from many accounts of agency house activity is the sense of friendship, honour, duty and intimacy which also characterised relationships between the agency house men and their European constituents, especially those located in the mofussil. For example, John Palmer often provided accommodation for clients visiting Calcutta, and frequently demonstrated paternalistic concern for them and their families. In this respect the houses provided a network of personal support which maintained the morale as well as the financial well being of the British in India. Most of the agency houses were located in the major presidencies, and conducted much of their business there. These arterial links with rural and town India were crucially important in cementing the empire by sustaining the efficiency and commitment of scattered British communities. To understand the nature of an agency house like Palmer & Co., the reasons for much of their behaviour, and the outlook of Palmer himself, it is essential to grasp this powerful sense of personal intimacy and social obligation which pervaded its relationship with clients. It will become clear also that herein lie some of the principal reasons for the failures of the 1830s.

The immediate social milieu of John Palmer was of course Calcutta, and it is important to appreciate how life in the city evolved and shaped his career. Calcutta in the early 1790s was a thriving and growing colonial city, the capital of Bengal and British India. Visitors commented upon the large European palaces which greeted the eye as one sailed up the Hughly, and during Palmer's life the building continued apace. The new Government House, completed in 1802, symbolised not only British imperial power in India, but also their self perception as the champions of European culture.[44] In the 1830s, Mrs Emma Roberts recalled her first impressions on arriving in Calcutta:

> The approach of the city of palaces from the river is exceedingly fine; the Hooghly at all periods of the year presents a broad surface of sparkling water and as it winds through a richly wooded country, clothed with eternal verdure, and interspersed with stately buildings, the stranger feels that banishment may be endured amid scenes of so much picturesque beauty, attended by so many luxurious accompaniments[45]

In fact the visitor's first impressions of the 'city of palaces' were deceptive, because one would usually land at Chandpaul Ghaut, right in the heart of the European city. By the 1790s Calcutta already had sprawling suburbs to the north, and here the character of the city was very different; for this was the Indian town, where many of the poorest inhabitants lived. Here many of the buildings were little more than thatched huts, and overcrowding created squalid living conditions. Yet observers noted that even here, impressive oases of architectural beauty could be found in the elegant houses of wealthy Indian merchants, as well as in the temples and mosques. In the 1820s, the mansions of Dwarkanath Tagore and Maharajah Rajkissen were objects of admiration to European visitors lucky enough to be invited to the homes of these eminent Indians.[46] The 'Black Pagoda' on the north eastern shores of the Hughly, the grand Bengali temple built by Gobindram Mitter, 'the black zamindar', was generally admired, and the subject of Thomas Daniell's coloured etching in 1787.[47]

But it would be a mistake to attribute the geographical segregation of Calcutta to any conscious urban policy; indeed very little of the growth of this chaotic city was planned. The main focus of the European town was around Tank Square and the Esplanade, to the north of the rebuilt Fort William and the Maidan, a cleared area of parkland surrounding the fort. By the early nineteenth century, building had also spread down the Chowringhee Road. Many of the houses here were owned by wealthy Indians and rented by Europeans. Also to the south were Garden Reach and Alipore, where the wealthier European residents maintained palatial houses for retreat from the city during leisure time. The absence of any attempt to control urban development was demonstrated all too clearly by the proliferation of Indian thatched huts which sprouted in the spaces between the mansions of the Europeans. These accommodated the battalions of Indians who served the occupants of the grand houses. There were also transitional zones where the Indian and European quarters merged. Significantly, John Palmer lived in such a street, the Lal Bazaar, where the splendour of European Calcutta merged into the crowded streets of the Indian city. In his memoirs, Palmer's younger partner, William Prinsep, commented upon the proximity of Palmer's house to the 'native town', hinting that it symbolised Palmer's famously close relationship with the Indian mercantile community.[48]

In spite of its bold European architecture, Calcutta was not predominantly a British city. Reliable estimates of the changing population of Calcutta in the

period 1790 to 1830 are difficult to come by; all we can be sure of is that in the 1790s it was already a city of at least many tens of thousands, and that by 1830 one observer estimated a total population of 300,000.[49] What is more certain, however, is that the European population formed only a small fraction of the citizenry. In 1800 about a thousand Europeans lived in Calcutta, and even with the rapid growth of the settlement, as late as 1837 there were still only 3,000 who were described as 'English'.[50] This partly reflected the fact that the total British population of India was really very small throughout this period. It is estimated that in 1756 the total European population of Bengal was less than 800, rising only to about 4,300 by 1813.[51] In Calcutta, in addition to the several hundred thousand Indian inhabitants, there was also a sizeable population of Anglo-Indians, products of numerous liaisons across the racial divide. The Calcutta Police Committee estimated an Anglo-Indian populace of about 11,000 in 1822, and one testimony before the Select Committee on East Indian affairs in 1830, suggested a figure of 20,000.[52] The position of most Anglo-Indians was unenviable, because they were integrated fully into neither the European nor the Indian community. Denied the status of British subjects in law, and generally the illegitimate offspring of British fathers, they were usually Christian and therefore unacceptable to Indian Muslims and Hindus. As a group they perhaps suffered most from the widening racial divide between Europeans and Indians.

The small British population enjoyed a strong sense of intimacy and community. This stemmed in part from feelings of insecurity in the face of a vast and sometimes hostile Indian population, and the proximity of rival European empires. But other factors also drew people together. In England, advancement and authority within the East India Company had always been determined by kinship, patronage and personal obligation. Appointment to the coveted writerships and cadetships lay in the hands of the Company's governing body, the Court of Directors, and these were handed out to their friends, allies, and families.[53] Once in India, similar ties of nepotism and personal loyalty were crucial in securing promotion. Mutual support for one's kin and allies, both in India and at home, had to be dutifully maintained to ensure the prosperity and security of oneself and children. Inevitably there emerged whole family dynasties within the civil and military ranks of the Company service. The Prinsep family, from which William Prinsep rose to a senior partnership in Palmer & Co., supplied seven senior civil servants for the Bengal administration.[54] The family of the celebrated writer, William Makepeace Thackeray, also filled numerous positions in India during this period.[55] Intermarriage between such families strengthened and widened these ties of loyalty and mutual support, and ensured their survival through many generations.

This maze of social intimacy and obligation had to be carefully negotiated by all in authority in India, but especially by the agency houses. For them it

was not simply a question of securing the accounts and custom of the rich and famous. Many lesser souls were also welcomed because of their prestigious social contacts in India or at home, which compensated for their want of cash. The cultivation of the poorer relatives could often open doors to the funds of the richer ones. In this way the custom of the lowly placed writer or military officer could often prove just as valuable in the long term as the accounts of the transparently affluent. If it was advantageous to secure the business of the well connected, it was equally important not to offend them. In many instances, it was politic to tolerate the financial irresponsibility of highly ranked borrowers, because foreclosure on unpaid loans might make powerful enemies in a world were personal influence was all important. Anglo-Indian society reflected the social mores of late eighteenth-century Britain, where social advancement and welfare depended upon paternalism and patronage. Aristocrats, who enjoyed the highest status and often the largest incomes, had to be accommodated by men of commerce. This social dimension played a central role not only in the commercial strategies of the firms, but also in their eventual demise.

The lifestyle of Europeans in India, especially in Calcutta, was renowned for its ostentation. This was reflected by the lavish balls, the stylish dress of the wealthy merchants and civil servants, and in the consumption of large quantities of Madeira and other imported European wines. In spite of the small number of Europeans in Calcutta, there was an active social scene, in which merchants, soldiers and civil servants participated enthusiastically. They met at taverns, at the town assembly rooms and theatres where concerts and plays provided objects for discussion; but more commonly they visited each other's resplendent houses for dinner parties or conversation.[56] At dusk, as the heat of the day relented, the city came to life. Men and women would take to their carriages to enjoy the evening air, travel to the homes of friends, take walks around the great tank in the heart of the city (a reservoir supplying the city's main water supply), and generally display their finery.[57] During the day the European stores were the focal point of social activity. One writer has commented that they were the hub of female social life, 'the rendezvous of the idle and the gay, who here purchase at an immoderate price the frippery of Tavistock Street and propagate the scandal of the hour'.[58] A recurring theme was the emphasis upon conspicuous consumption, being seen to wear, eat, drink, ride, and live in the best that money could buy. This of course was a logical manifestation of the values which had brought Europeans to India in the first place; a desire for wealth and social status which could not be acquired at home, and a reflection of the class conscious and hierarchical society they had imported. But it was also a reaction to India itself; a compulsive urge to articulate superiority over Indians (even wealthy ones), and also an emotional response to the stark realities of disease and early death which was the fate of so many. Inevitably this extreme materialism had important

implications for the agency houses, which often funded lavish and irresponsible lifestyles that their clients could not really afford. Drink, gambling and debt destroyed many young Europeans, and the letters of John Palmer to his young clients are full of dire warnings and pleas for abstinence and frugality. In practice it was very difficult for the firms to restrain the foolhardy because of the intense competition among them for the accounts of the promising and the well connected. Indeed, leading figures like John Palmer partly built their reputations by dazzling displays of personal affluence, in their homes, in their generosity and in their public engagement in Calcutta society. Here commercial principles of prudence and frugality gave way to the demands of Calcutta's lavish social customs.

The agency houses also looked to the Indian community for capital, customers and commercial expertise. The collapse of the Mughal empire and British conquest had not eliminated the sub-continent's sophisticated network of Indian bankers, merchants and commercial connexions. In fact, these had been instrumental in the establishment of successor states during the eighteenth century, as Indian merchants provided funds and revenue collection facilities to emergent local rulers.[59] It remained possible to transmit large sums of money across India by utilising these networks, and the bills of exchange (*hundi*s) they employed. Indeed from time to time the East India Company used them to finance military operations across its expanding territories. Individual Europeans in Calcutta and elsewhere frequently turned to local *shroff*s (moneylenders), sometimes incurring crippling rates of interest. For the agency houses also, Indian merchants and bankers offered much-needed additional funds, as well as access to the transcontinental *hundi* network. John Palmer was reputed to be the most adept of the Europeans at tapping this pool of Indian capital, in return providing various financial services for his Indian clients. But the relationship between the houses and Indian capitalists was much more intimate than the mere provision of capital. Non-Company European business had always depended upon Indian intermediaries to organise and deal with Indian producers and merchants. Every agency house employed its *banian*, an established Indian merchant, or merchant family, who would orchestrate the house's dealings with the local economy. Inevitably this drew leading Europeans into personal relationships with prominent Indians, a tendency which softened the trend towards racial separatism. For example, by the late 1820s the prominent Indian entrepreneur Dwarkanath Tagore became a close personal friend and confidant of a wide circle of European businessmen, including John Palmer. He eventually became the first Indian to lend his name to a joint business partnership, the celebrated firm of Carr, Tagore & Company.[60] Indeed, Tagore's career demonstrates that it was not just Europeans who were drawn into mutually advantageous arrangements. Like many of his contemporaries he had been cultivating European commercial connexions for years before the eventual launch of full-blooded partner-

ships with them in the Union Bank in 1829 and subsequently Carr, Tagore & Co.[61]

John Palmer's leadership in the development of close relations with the Indian commercial community was a major factor in his rise among the agency houses. He displayed an unusually strong affinity with Indians which went beyond mere financial self interest. His compassion for destitute Indians, expressed in various charitable actions, is well documented.[62] The insolvency schedules for Palmer and Co. show that at its closure the firm handled the financial affairs of at least eighteen *bibi*s, the female Indian lovers of Europeans.[63] When the firm crashed in January 1830, a concerted effort to rescue it was made by Indian creditors and well wishers, which, though unsuccessful, amply demonstrated the affection which they felt for John Palmer.[64] Palmer's intimacy with Indians even endured the gradual intensification of British perceptions of Indian racial inferiority.[65] But before the various aspects of Palmer's career can be explored in depth, a clearer picture of the life and character of the man must first be drawn.

Two

THE PRINCE OF MERCHANTS

IN AN ERA when personal reputation formed the bedrock of British commercial and social life, John Palmer came to enjoy a unique, global celebrity. Throughout the British empire his name became associated with wealth, trustworthiness and compassion. In India, Palmer's reputation crossed social and racial boundaries. Known in Britain, Canton, and throughout south-east Asia, Palmer numbered among his friends American merchants, Dutch and British colonial officials and even the Sultan of Pontianak, a prominent Borneo chieftain. Francis Rawdon, the Marquis of Hastings, and Governor-General from 1814 to 1823, nicknamed Palmer 'the prince of merchants' an unofficial title which gained popular currency throughout India and the east. There was rather more to this name than mere recognition of wealth, and consideration of its fuller meaning offers important clues about why it captured the public imagination. It implied many attributes, and offers insights into the culture of British commerce in the east during the period. For William Prinsep, the title referred to Palmer's 'unbounded liberality, amiability and wealth', all characteristics of noble birth in his eyes.[1] Prinsep emphasised that Palmer possessed not only riches, but also a strong sense of social obligation to all, regardless of status or race. According to Prinsep, Palmer was not only a shrewd entrepreneur, but also a man of consummate social skill, able to show compassion to those beneath him in society. His generosity and forbearance were frequently remarked upon, and not always favourably. One obituary blamed Palmer's generosity for the downfall of his firm.[2]

But in the context of the early nineteenth century, the title 'prince' implied much more than wealth or status. Between 1793 and 1815 a global conflict was raging which threatened the aristocratic order in Europe and the colonies. The French Revolution of 1789 was followed by an expansionist Napoleonic regime which threatened to sweep away the old European order. The defeat of Napoleon in 1815 was much more than a national victory; it represented the survival of monarchy and aristocracy in the face of modernisation and industrialisation at home, and revolution abroad. Whilst earlier accounts

of the period celebrated the industrial 'revolution' and the emergence of capitalist, urban society, more recent histories have stressed the durability of the landed order well into the nineteenth century.[3] Although political and economic concessions had to be made to accommodate emergent industrialist capitalists, Britain's aristocratic elite remained firmly in control of the political system, and elevation into its ranks remained the benchmark of success. Two recent historians of empire, P.J. Cain and A.G. Hopkins, argue that an important feature of British economic and social development from the seventeenth century was the rise of strong social and commercial ties between the merchants and financiers of the City of London (or 'gentlemanly capitalists' as Cain and Hopkins style them) and the British state and aristocracy.[4] The creation of the Bank of England and the National Debt at the end of the seventeenth century established the City of London as an essential source of finance for British governments, whilst the wealthiest aristocratic families, keen to enclose and modernise their vast landed estates, increasingly turned for funds to the City. The consequences of the City's elevated position included political influence for its wealthiest members, social intimacy with the great landed families of the nation and the adoption by many leading merchants and financiers of the values and customs of the former – hence Cain and Hopkins' description of the City men as 'gentlemanly' capitalists. For Cain and Hopkins, this economic interest group more than any other was best placed to shape government policies to meet their needs. Since a substantial sector of the City owed its fortunes to overseas trade and imperial commerce (the East India Company in particular), many gentlemanly capitalists used their influence to defend or promote commerce with the colonies. It was a trend which intensified as the nineteenth century wore on. Moreover, Huw Bowen has shown that gentlemanly capitalists were not produced solely in London or Britain. He argues that the colonies threw up new prosperous businessmen who can also be regarded as gentlemanly capitalists, since they adopted 'gentlemanly values', aspired to political influence and in some cases sought a future career in London. In this respect the colonies were a taproot of gentlemanly capitalism, as the more successful colonial business men repatriated their wealth to London. There emerged, argues Bowen, a 'transoceanic elite' of gentlemanly capitalists who complimented and strengthened their metropolitan brethren.[5]

Thus when the Marquis of Hastings, the aristocratic Governor-General of India, referred to John Palmer as a merchant prince he was signalling Palmer's acceptance into the ranks of this international gentlemanly capitalist elite. It signified wealth, political influence, recognition of Palmer as a man of culture, refinement, and noble, moral character. Indeed it was expected that Palmer's career would follow the same trajectory as that of the man he replaced in Paxton, Cockerell & Trail of Calcutta in 1801. Sir Charles Cockerell's career was in many ways a model for the gentlemanly capitalist of colonial origin.

Cockerell arrived in Calcutta in 1775 as a writer, the lowliest rank in the Company's hierarchy, but he rose to become a senior merchant before leaving the Company's service in the early 1790s to join what then became the Calcutta agency house of Paxton, Cockerell & Trail.[6] He used his position to assist the Governor-General, Richard Wellesley in financing the war against Mysore in 1798–99, for which Cockerell later received a Baronetcy in 1809. On his return to England in 1801, Cockerell invested most of his fortune in the London sister house, also by now called Paxton, Cockerell & Trail, and embarked upon a political career, becoming MP first for Tregony, then successively Lostwithiel, Bletchingley, Seaford and finally Evesham in 1819. In 1808 he married the daughter of John Rushout, Baron of Northwick, and settled at Sezincote House near Evesham, embellishing it in the oriental style so beloved by returning *nabobs*. By the time of his death in 1837 he had risen to become a Commissioner on the Board of Control, the state ministry responsible for overseeing the East India Company. It was the career of a successful gentlemanly capitalist, and at the height of his wealth and fame, John Palmer must have expected to follow if not exceed the rise of his predecessor. Of course, events were to deny Palmer the ultimate prize of a seamless transition into the City of London. Nonetheless his career demonstrated the means by which colonial gentlemanly capitalists could be elevated from modest beginnings to the verge of a successful launch into the metropolitan elite.

In Palmer's case, family connections were a huge advantage. This did not lie principally in elevated social status, though it has been suggested that an ancestor was Mrs Barbara Palmer (nee Villiers), Duchess of Cleveland, Countess of Castlemaine, and a court favourite of Charles II.[7] By the 1760s, slippage down the social hierarchy meant that John's father, William had to seek his fortune as a King's officer in the 70th Foot, stationed in the West Indies. There he married Sarah Hazell, who bore him three sons, Samuel (b1762), William George (1764) and John (1767), the future merchant prince. But major misfortune seems to have befallen William Palmer, because in 1770 he left the West Indies, Sarah and the King's army for a military career with the East India Company in India. Whether this was due solely to marital breakdown or some other cause is uncertain; but the outcome certainly boosted William's prospects. He arrived in India at a time of imperial expansion, and opportunities for promotion were excellent. During the 1770s he rose to become the personal secretary to Warren Hastings, the first Governor-General of India, and subsequently filled a succession of trusted diplomatic posts, including the Governor-General's personal agent at the court of Lucknow, and Resident at the court of the Maratha leader, Peishwa Mahadji Scindia. Promoted to Lieutenant General, William for a time enjoyed a huge salary of £22,000 a year.[8] The Governor-General became a close friend, and an intimate correspondence between the two men continued long after Warren Hastings returned

to England. Hastings' patronage opened opportunities for William Palmer's eldest sons, who both served in their father's escort at the Peishwa's court.

John was also guided into a military career as a midshipman in the Royal Navy. Aged only fifteen he saw action aboard the *Exeter* when it engaged the ships of the famous French Admiral Suffrein. Enthusiastically he boasted to his estranged mother Sarah, then in England:

> I was in the third action, which I assure you was remarkably severe, I was stationed on the quarter deck, which place was one continued scene of slaughter, not having less than ten men killed or wounded: I fortunately escaped unhurt. I say fortunately for I was of some service that day[9]

Family background proved extremely useful to John Palmer later in his career. The East India Company ruled India through a military state apparatus, in which the needs of the army took precedence.[10] Military personnel constituted a large portion of the small British population in India, and consequently a substantial share of the money deposited in the agency houses came from this source. John Palmer's personal and family involvement in the military was an important asset. His father and brothers brought new clients to John from the army, while John's own service record signalled empathy with military men. The family also brought close connections with Indian society. In 1779 William Palmer married Fyze Baksh, a *begum* (Muslim lady of noble birth), with whom he had four sons and two daughters. There is speculation that William converted to Islam in order to marry.[11] Certainly he publicly celebrated the union, commissioning Johann Zoffany in 1786 to paint a family portrait with his wife and children.[12] The family was close and inclusive. John developed a strong bond with William Palmer, his Anglo-Indian half brother, who was first a soldier in the service of the Nizam of Hyderabad, and after 1810 the leading partner in a banking and mercantile house in that state.[13] The relationship was commercial as well as fraternal, with John providing business advice, capital and even representation before the East India Company colonial administration, the Bengal Council, when William was accused of defrauding the Nizam in the 1820s.[14] The new family which John's father created for himself in India, while not unique, seems to have been unusual in one important respect. There were no reservations in asserting the equal validity of their domestic arrangements with 'pure' European families. Maintaining a *bibi* and producing an Anglo-Indian family were quite common, but according it the same status as an all white union set William Palmer apart from most of his peers. The upshot was that it equipped John to relate with Indians far more easily than most of his contemporaries, though this did not mean that John Palmer was free of racial prejudice, as will be seen.

Perhaps surprisingly in view of his later success, business was not John Palmer's first choice of career. The navy was his first calling, but during the period it was a notoriously uncertain employer. In peacetime, the pressure to

reduce expenditure usually resulted in extensive redundancies, to which John fell victim following the Peace of Paris in 1783.[15] John's subsequent fame gave rise to several conflicting accounts of his early life thereafter. One obituary claimed that Palmer left the navy voluntarily due to the influence of Charles Barber, an agency house merchant who had been impressed by the young man's startling business acumen.[16] According to this source, during a brief period of French captivity Palmer had been taken under the wing of Jacques Lafitte, the eminent French banker and entrepreneur.[17] But this rather glamorous description of John's early life was false, and tells us more about the extent of his fame later, than the origins of his career. Lafitte was the same age as Palmer, and as he would have been fifteen or sixteen when Palmer was in the navy, would hardly yet have amounted to a man of fortune. In fact, Lafitte's memoirs contain no mention of Palmer.[18] It was in reality almost a decade before John opted for a commercial career. In 1784 he tried unsuccessfully to secure a position as an officer in the army of the Nawab of Lucknow, at whose court John's father was then the representative of the East India Company.[19] He then went back to England and attempted, with the help of Warren Hastings, to secure a cadetship in the Company, but Hastings' tarnished reputation and the Company's policy of financial retrenchment in the late 1780s combined to frustrate these efforts as well.[20] John remained in London until 1789, trying in vain to sort out his future, and representing his father in dealings with people at home.[21] In that year, he returned to India, still unemployed and his future bleak, especially as Lord Cornwallis's economies had virtually closed any prospect of a career in the East India Company.[22] Yet for all its difficulties, this period was formative for John Palmer. He could not have survived without the support of his family and his father's friends, and the experience seems to have instilled a strong sense of the importance of family loyalty, social obligation and the mutual support of a network of friends. John Palmer's commercial philosophy and values owed much to this realisation. As a merchant prince, John encountered an endless stream of penniless and inexperienced young men, and the sometimes desperate wives and children of clients. Palmer's response tended to be warm, supportive and paternal. It was an attitude of mind which developed into a commercial strategy.

1791 proved to be a turning point in Palmer's life. Desperate to make his own way in the world, John launched a speculative retail enterprise in partnership with another young man in similar circumstances, Henry St George Tucker. Tucker was also destined for an illustrious career, becoming first Accountant-General in the Bengal administration, and eventually Chairman of the East India Company.[23] Many years later, Palmer reflected fondly that he embarked upon his first commercial adventure with 'a light heart and a thin pair of breeches, the absence of all talent and elementary knowledge'.[24] Although the venture failed, it brought Palmer to the attention of the agency house of Burgh & Barber, which offered him a junior position. At this time,

the Cornwallis ban on East India Company servants' engagement in private commercial enterprise was beginning to bite, compelling them to channel their funds into the agency houses. This provided the means for the rapid expansion of agency house commercial activity. John Palmer's good luck continued when the sudden death of Burgh in 1792 opened the way for his elevation to full partnership on 1 May 1793. Palmer's rapid promotion was probably due to his family's connections with the military, and the prospect that he could bring deposits and clients from the East India Company army. The Palmers also knew many wealthy and influential people in London, and indeed shortly after becoming a partner, John asked Warren Hastings to help in recruiting constituents in London.[25]

The other major event of 1791 was John Palmer's marriage on 10 December to Mary Hampton, the daughter of the late Colonel Samuel Hampton, a prominent house owner in Calcutta.[26] The marriage was certainly passionate. Miss Hampton was pregnant when she walked up the aisle, their first son, Francis being born on 3 April 1792.[27] She was certainly regarded as being physically very attractive. Lady Maria Nugent described her as a 'very fine looking person', while William Prinsep recalled Mary to be 'a very handsome woman'.[28] Both commented upon Mary's dark skin colour, and hinted that she may have been an Anglo-Indian. Whatever her origins, the marriage provided a strong personal foundation for John's blossoming business career. They produced twelve children over twenty-five years, six girls and six boys who gave rise to extreme parental anxieties and emotions, and whose needs shaped their father's decisions and fortunes.[29] The marriage also brought tangible commercial advantages. In addition to wealth inherited from her father, Mary's sister was married to R.C. Bazett of Colvin & Co., another Calcutta agency house.[30] Following Bazett's return to London, he became an important source of intelligence for Palmer on London commercial affairs.

The complexities of John Palmer & Co.'s affairs are best introduced through a survey of the broad development of Palmer's commercial career. They emerged in a context of instability and change. War with the Indian states and the escalating European conflict of 1793 to 1815, which spread to Asia, disrupted international commerce. The East India Charter Act of 1813 compounded the uncertainty by opening the trade between Britain and India to new merchants arriving from Britain. The agency houses had to adjust nimbly to these changes in the commercial environment, and the young John Palmer had to learn very quickly indeed. Although few records of Palmer's career in the 1790s have survived, it is clear that he achieved notable early success. According to one account, within a few years of joining the firm, John was in a position to rescue his father from mounting debts.[31] Under Palmer's leadership, the firm invested extensively in the export to Britain of indigo, saltpetre, sugar and cotton piece goods via the 'privilege trade', the cargo space aboard East India Company ships allotted to the captains for their

own private cargoes, which they frequently sold to the agency houses. The quantities exported by Barber & Palmer were very substantial. For example, on 7 February 1795, the firm applied to ship 340 maunds of indigo, and just a month later to send seven tons of Luckipore cloth back to Britain.[32] Together with the other Calcutta agency houses, Barber & Palmer clamoured for more tonnage space aboard the East India Company ships.[33] Among the clients who exported produce to Britain through the firm, several names and organisations figured prominently. A Mr Cheap dealt extensively in sugar, while the firms of Grant & Williams, Messrs Mason & Tod, and Mercers shipped large quantities of indigo. In 1799, Barber & Palmer even sought permission from the East India Company to charter a ship to carry exclusively the cargoes of Mason & Tod.[34] The firm's heavy dealing in indigo was the root of Palmer's reputation as the leading merchant dealing in the commodity. Palmer was also becoming known in high places. In 1797, Barber & Palmer shipped rice and Madeira wine to Britain for Sir John Shore, the Governor-General.[35] Four years later they did the same for Richard Wellesley, Shore's successor.[36] The firm also specialised in accommodation agency, providing housing for a wide spectrum of clients in Calcutta.[37] Thus from the earliest phase in his career, John Palmer cast a wide net in search of clients, a strategy which attracted business and helped build John's reputation as one of the most approachable merchants in India.

Fortune and fame certainly came very quickly. In 1799, Palmer was made a commissioner of the Calcutta Exchange Lottery, an appointment which signalled his acceptance into the higher ranks of mercantile society.[38] John was eager to acquire material trappings to match his new status, and in 1801 he employed the master builder Richard Blechynden, to refurbish a large house on the shores of the Hughly at Ishera, a few miles upriver from Calcutta.[39] Blechynden was astounded by Palmer's willingness to spend vast amounts on the project, especially when he gave instructions for the building to be pulled down and completely reconstructed to palatial specifications.[40] Palmer spent approximately Rs20,500 (approximately £2,050) on the house.[41] Palmer stressed that money was no object, boasting in November 1801 that he had recently lent Rs100,000 (approximately £10,000) in cash to the Royal Navy officer, Sir Home Popham.[42] Already Palmer's reputation for honesty and sympathy had been established. One of Blechynden's friends denounced the agency houses as 'vagabonds', but notably excepted from this general condemnation the firms of Barber & Palmer and Cockerell & Trail.[43] Palmer's reputation received a further boost in 1801, when the latter firm accepted him to replace Sir Charles Cockerell on his retirement to England.[44] It was one of the most coveted positions in British India, and represented a second major turning point in Palmer's career.

In reality, Palmer's induction as a partner into Cockerell & Trail was essentially a merger between the two houses. Palmer already controlled the

affairs of Barber & Palmer, as Barber wound down to retirement. Barber had actually owned a house at Ishera, though it is unclear whether this was the one which found its way into Palmer's possession.[45] It is known however that Barber bequeathed to Palmer the latter's famous house on the Lal Bazaar in Calcutta.[46] The reformed agency house was renamed Trail & Palmer, and the latter partner injected substantial reserves of capital, goodwill and personnel. Palmer brought with him from his former house Alexander Caulfield, and several Indian clerks who subsequently rose to positions of prominence in the new firm. Henry Trail, the remaining senior partner inherited from Cockerell & Trail, made clear his intention to return to England in the near future, and all seemed set for Palmer to seamlessly acquire the most prestigious agency house in the east.

But within a year, illness had driven Palmer himself back to England. Fearful for his life, and desperately missing his children who were being educated at home, the heat, squalor and disease of Calcutta became too much for him. Palmer admitted that he was close to quitting India forever at this time, so wretched was his state of mind and health.[47] He remained in England from March 1803 until June 1806, though he maintained contact with his Calcutta firm throughout. To cover his prolonged absence, Palmer recruited his old friend Henry St George Tucker to the firm as a temporary replacement. The fact that Tucker left his job as Accountant-General in the Bengal administration to take up the post, indicates just how high Palmer had risen in Calcutta society. The attractions for Tucker were very lucrative. He was offered not only 5/24ths of the firm's profits, but also a partnership in the London house of Paxton & Cockerell on Palmer's return to India.[48] Palmer's own share was reduced to 3/24ths, and worryingly William Logan, a rising junior partner in the firm, was allocated 5/24ths. Logan had been an emerging figure in Cockerell & Trail before the merger with Barber & Palmer, but had effectively been displaced as a future senior partner by Palmer's arrival. The profit settlement of 1803 was therefore not only a form of compensation for having been passed over, but also a signal that Logan could, after all, establish himself as senior partner, should Palmer's return to India be delayed indefinitely.[49] Palmer took Logan's rivalry seriously and personally. Up to Logan's premature death in 1809, Palmer was quick to blame Logan and the other partners for problems which arose in Calcutta during his absence.[50] Shortly after Logan's death, Palmer told his London correspondents that errors and problems arising during the period 1803 and 1808 were due to the 'supineness, negligence and contempt' of Logan and the other partners.[51] This was not the last time that the firm would be divided by rivalry and personal rancour.

Palmer did not remain idle during his English exile. Aware that the London corresponding firm could easily promote Logan's career over his own, Palmer undertook new initiatives, securing for himself the agency for the Treasury of the Greenwich hospital.[52] To his relief, the London house confirmed him as

senior partner in the Indian house on his return to India in 1806.[53] Palmer arrived back not a moment too soon. In August 1805, Tucker had quit the Calcutta firm for his old job as Accountant-General in the Bengal government. This in itself left the firm in some disarray, but the reason for Tucker's departure plunged it into public disrepute. Tucker had become besotted with Dorothea, the young wife of George Simpson, a junior partner in the house. When his advances were rejected, he sexually molested her, prompting his charge and subsequent trial for rape.[54] Tucker's conviction (which in no way hindered the progress of his career) plunged Trail & Palmer into public disgrace, and Palmer had the difficult task of stabilising the business and re-establishing its reputation. But at least his absence in England exempted him from the suspicion and blame which fell on the other partners. In this respect the incident actually helped Palmer to re-establish himself as the undisputed senior partner. In April 1810, following the final termination of Henry Trail's involvement, the firm took the name of John Palmer & Company.

Palmer lost no time in moving his agency house in new directions. The established activities of loans to producers of indigo and other commodities, financial management and export of produce through the privilege trade were continued, but Palmer was quick to take advantage of new opportunities as they arose. Firstly, the firm's involvement in the country trade with south-east Asia and China was expanded. In particular, the firm became involved in the export of opium to China, then one of the fastest growing and most lucrative branches of trade. Palmer cultivated a relationship with George Baring, a younger member of the Baring dynasty, and a junior Supercargo for the East India Company at Canton.[55] Baring briefly organised the Chinese sales of opium for Palmer & Co. until the East India Company forced all of its servants to cease involvement in this branch of commerce. Thereafter, Palmer & Co. channelled its opium exports through the firm of W.S. Davidson, a non-East India Company, naturalised Portuguese inhabitant of Canton who was immune to East India Company restrictions.[56] As the partnership in Davidson & Co. evolved, its name was changed to Dent & Co., and it remained the principal Chinese corresponding firm for Palmer & Co. As early as 1808, Palmer boasted that his firm had purchased between a fifth and a quarter of the Indian opium produced by the East India Company in that year.[57] The opium trade also drew Palmer & Co. into an extensive trade with south-east Asia, a secondary but significant market for the drug.[58] Initially, Palmer's main contacts were on the island of Penang, held by the British since 1786 and home to a thriving mercantile community. Palmer cultivated close personal relations with senior East India Company officials on the island, as well as prominent seafarers such as Captain James Douglas.[59] The Napoleonic Wars widened this network, as the British seized Dutch possessions in the region to prevent them falling into French hands. Malacca and the Molucca islands were taken in 1805, and in 1811 the British invaded Java. The latter proved

particularly important for Palmer & Co. During the five years in which the British held Java, Palmer established close commercial links with British and Dutch merchants on the island. These continued after the Dutch restoration of power in 1816. The British firm of Deans, Scott & Co. became the principal agents for Palmer & Co. on Java, and in the 1820s that firm was instrumental in Palmer & Co.'s acquisition of several plantations at Tjikandi, in the west of the island.[60] Palmer & Co. also acted as agents in India for the Dutch government in the East Indies, raising loans at a time of severe financial hardship.[61] As a consequence, Palmer became an influential figure in Anglo-Dutch political relations in the region, especially in such sensitive questions as the dispute between the two powers over the British acquisition of Singapore in 1819.[62]

Secondly, throughout the east, Palmer specialised in agency for local British political administrations. This involved providing financial advice, arranging loans, organising supplies, and arranging transfers of money or currency exchange. As well as being a highly profitable branch of business, it also brought Palmer into contact with influential and powerful men, opening opportunities to recruit them as clients. By October 1813, Palmer & Co. were agents for the British administrations of Ceylon and Penang, and by 1816, they also held the agency of the British administration of Mauritius, controlling much of that island's external trade.[63] The British expedition to seize Java from the Dutch was also supplied through Palmer & Co., who subcontracted a range of provision and victualling agreements.[64] More than any other agency house, Palmer & Co. assiduously cultivated the rich and powerful. John Palmer's close relationship with the Marquis of Hastings, Governor-General from 1813 to 1823, epitomised this strategy and represented its high point.

A third area of expansion was the firm's trading fleet, prompted by the expansion of Palmer & Co.'s links with the far east, and the Charter Act of 1813's liberalisation of commerce between Britain and India. According to the *East India Register and Directory*, Palmer & Co. acquired their first vessel, the *Venus*, in 1811.[65] By 1815, the fleet had grown to 15 ships, rising to a peak of 23 vessels in 1821.[66] The risks involved in long distance trade also drew Palmer & Co. into the insurance business. Palmer & Co owned the Calcutta Insurance Company, which specialised in insuring the China trade. Dent & Co. acted as their agents in Canton.[67]

But ultimately the firm relied upon the same financial principle as all of the agency houses: its ability to attract investment from people in India and Britain. An increasingly important source was the monies placed in trust with the firm to support widows, children and other dependants. From time to time, Palmer & Co. also drew funds from Paxton, Cockerell & Trail. As a consequence, the firm's perceived financial probity and John Palmer's personal reputation as a competent, trustworthy and sympathetic gentleman of business were central to Palmer & Co.'s whole business strategy. Crucially it meant suppressing or

hiding intelligence which might suggest impropriety or financial vulnerability. In reality, there were in fact numerous flaws and weaknesses in the management of the firm, but Palmer managed to keep these from public knowledge, at least until the early 1820s, when three major developments undermined confidence in the firm.

The first of these concerned practices which lay at the core of John Palmer's commercial and personal philosophy. John's personal relationship with his Anglo-Indian half brother, William Palmer, had always been close, and when the latter established his own agency house in Hyderabad it was natural that it should develop an equally intimate commercial connection with Palmer & Co. of Calcutta. William Palmer & Co. engaged in extensive banking operations, in particular lending heavily to the ruler, the Nizam of Hyderabad. John provided his brother with advice, intelligence and capital, though the scale of his investment in the Hyderabad house is unclear. In 1820, Charles Metcalfe, the new British Resident to the court of the Nizam, accused William Palmer of defrauding the Nizam's government by means of usurious and illegal interest charges on loans.[68] So serious were the allegations that the scandal reached the East India Company authorities in London, who ultimately ordered William Palmer to cease his banking activities. In fact, the Hyderabad firm continued to operate clandestinely for many years, but the scandal was extremely damaging for John Palmer & Co. Having worked so hard to win the confidence of senior East India Company officials at home and India, John Palmer now found that doubting eyes were cast upon him as a result of his half brother's activities, not least because he had acted as William's advocate in Calcutta at the height of the scandal in the early 1820s. The case highlighted a growing racist trend in British perceptions of Indians and the conduct of business relations with them. John Palmer's Anglo-Indian connections, for so long an advantage, now began to be seen as a reason for suspicion.

The second blow to Palmer's prestige sprang from the political impact of the Hyderabad scandal on the East India Company administration in Calcutta. In 1823, the Governor-General, the Marquis of Hastings, was forced to retire in part because of his connections with William Palmer & Co. This was a severe blow, because Hastings had been Palmer's principal ally in the Bengal government. Hastings was replaced temporarily by John Adam, a senior member of the Bengal Council with whom Palmer had more distant relations, and permanently by Lord Amherst, an outsider who proved impervious to Palmer's charm.

The third factor which undermined Palmer's standing was the unforeseen consequence of his involvement in the Calcutta newspaper business. Conscious of his position as a leader of the Calcutta mercantile community, in October 1818, Palmer established *The Calcutta Journal*, and appointed as its editor an impulsive and radical adventurer, James Silk Buckingham.[69] While

Buckingham's strident advocacy of free trade suited Palmer, his pugnacious hostility to the conservative attitudes of Bengal officialdom and other newspaper editors made powerful enemies. The Marquis of Hastings had only recently lifted the East India Company's strict censorship of the Indian press, and the *The Calcutta Journal*'s spirited attacks upon the East India Company's China monopoly strengthened opponents of press liberalisation on the Bengal Council. In February 1823 John Adam, an opponent of the relaxation of censorship and now temporarily installed as Governor-General, seized his opportunity to punish Buckingham. Buckingham criticised Adam's appointment of the Reverend James Bryce to the post of Clerk of the Committee for Providing Stationery to Government Offices, implying that this had been irregular and corrupt.[70] In fact there was bad blood between Buckingham and Bryce, the former having won a vicious libel case against Bryce shortly before his thinly veiled attack upon Adam. Adam's response was draconian; Buckingham was banished from India, and John Palmer's influence in government was diminished still further.

Palmer's loss of prestige and status was further compounded by serious business problems. Palmer & Co. suffered from numerous failures of management, particularly the toleration of excessive amounts of bad and doubtful debts and poor systems of internal financial security. But until the 1820s, the buoyancy of their affairs and the Anglo-Indian economy had enabled the firm to hide these difficulties from public knowledge. The outbreak of the Anglo-Burmese War of 1824–26, however, plunged the Anglo-Indian economy into a crisis of such severity that it became impossible to disguise the distress of even the most prestigious agency house. This lengthy and expensive conflict forced the Bengal administration to borrow so heavily and at such high rates of interest that the agency houses were faced with a near catastrophic drain of funds, as investors clamoured to take advantage of the unprecedented high returns on government securities.[71] Forced to pay crippling rates of interest to retain their depositors, it was not long before the agency houses were forced to seek financial assistance from the Bengal government. In June 1826 and March 1827, anguished petitions were made by the agency houses which secured them substantial loans. Palmer & Co. took the lead in organising the petitions, finally dispelling illusions of the firm's invulnerability.[72] Assurances from the houses that their financial embarrassment was a temporary blip which would recede once peace was achieved proved false. In fact, the economic situation worsened, as depression descended on the British economy in the last years of the decade. As British demand for such Indian commodities as indigo fell, so did the returns on the crop for the producers, who in turn were unable to meet their liabilities to the agency houses. The collapse of several smaller firms, notably Mercer & Co. in 1826, increased the likelihood of a failure of one of the larger, better established agency houses. In fact it was Palmer & Co. that was forced to close its doors in January 1830. Within four years all of

the other agency houses had also failed. Palmer & Co.'s collapse had so undermined the confidence of European and Indian investors that a chain reaction of sporadic runs on the other houses was set in motion. Ultimately, when the East India Company in London prohibited the granting of further assistance to rescue the agency houses, their fate was sealed. Thus ended John Palmer's career, though he continued to labour modestly until his death in 1836. But although he never recovered the fortune and admiration of his earlier career, his stoicism at least ensured that he did not go to his grave unmourned or forgotten.

John Palmer remains an enigmatic figure in histories of the British empire in the east. His wealth and contemporary fame have attracted the attention of successive generations of historians of British India and south-east Asia, but strangely this has been insufficient to generate a dedicated biography. One reason is that Palmer's reputation as a 'gentleman' among merchants, his celebrated charity and humanity in particular, has inspired a response. There has been a reaction against the hagiography of most contemporary assessments of Palmer's life. These are in themselves intriguing, especially those written at the time of Palmer's death in 1836. Given the widespread misery which the bankruptcy of Palmer & Co. caused, one might expect Palmer to have vanished into obscurity. But in fact, his funeral was well attended, and published obituaries were fulsome in their praise.[73] A subscription was raised to pay for a bust of Palmer, which still stands in the Calcutta Town Hall. Incredulity at such generosity towards an acknowledged commercial failure probably contributed to the more critical assessments of John Palmer which began to appear after the Second World War, a period in which decolonisation and the rise of global American power inspired a new interest in British imperial history, epitomised by the pioneering work of John Gallagher and Ronald Robinson.[74] Inevitably British imperialism in India and the far east attracted interest, especially the work of Holden Furber and C.H. Phillips.[75] C.E. Wurtzburg's reassessment of the career of Thomas Stamford Raffles, the founder of Singapore, offered a new evaluation of John Palmer, who was an acquaintance of Raffles. In an effort to trace the development of the relationship between the two men, he was the first historian to use the correspondence of John Palmer held at Oxford University's Bodleian Library. Wurtzburg found that Palmer's apparent friendliness towards Raffles was false, concealing an attitude of contempt and ridicule which came out in Palmer's letters to others.[76] The image of Palmer which emerges in Wurtzburg is that of a deceitful and conniving hypocrite, who 'varied the tone of his remarks according to the person he was addressing'.[77] Two years after Wurtzburg, C.A. Gibson-Hill's account of British policy in northern Sumatra between 1814 and 1819 confirmed this depiction of Palmer as an unscrupulous opportunist, willing to abandon loyalty and principle in pursuit of self interest.[78]

In the early 1960s, again in reference to south-east Asia, Nicholas Tarling

reinforced this view of Palmer as a Machiavellian wheeler-dealer, though with less emphasis on the selfish opportunism so derided by the earlier writers.[79] Tarling portrays a politically sophisticated and shrewd man of business, with strong opinions on the way forward for British commerce in the east. Palmer also employed personal friendship as well as skilful written argument in acting as an intermediary between the British and the Dutch at a time of dispute between the powers over spheres of influence in south-east Asia.[80] In the 1970s, yet another historian offered a very different assessment of the man. Yazdani's account of the commercial and political intrigues involving John's half brother William in Hyderabad, includes an evaluation of John's character and his role in the Hyderabad firm. Not only does Yazdani exonerate John of any complicity in William Palmer & Co.'s affairs, she also portrays him as a charitable and tolerant man, liberal and sympathetic in his views of Indians at a time when racist attitudes were hardening.[81] Nonetheless, Yazdani concedes that it was John Palmer who persuaded the Marquis of Hastings not to heed some of the early warnings about the activities of William Palmer & Co.[82] The Indian historian of the East India Company's financial affairs in Bengal, Amales Tripathi, is far more condemnatory of this episode, arguing that Palmer had 'wormed his way into the confidence of the Governor-General' to protect William; returning us once again to the portrait of a deeply cynical and unscrupulous individual, employing sycophancy and deceit to defend his interests.[83] How fair and accurate is this negative picture of John Palmer's character? Were contemporaries and Yazdani naïve in their sympathetic evaluations of the man?

These contrasting versions of Palmer's character reflect the specific concerns of the historians in question, as well as problems with the nature of the sources available. For none of these writers was John Palmer himself the main subject of interest. Their use of the extensive range of Palmer's personal correspondence was therefore selective, rendering their depictions of his character partial and occasionally misleading. The problem of selectivity is compounded by the nature of the records themselves, which consist mainly of business and personal letters from Palmer himself to a vast range of correspondents all over the world. Wurtzburg's observation that Palmer tended to flatter the recipients of his letters is quite true; but this means that it is all the more important to read this source critically and widely. While it is difficult to rely on the veracity of views expressed in individual letters, a careful reading of the whole correspondence does allow a much clearer impression of the man to emerge. A core of beliefs, attitudes and personal traits is discernable. Crucially, Palmer's own writings are not the only available source. There are also two detailed personal accounts of John Palmer by people who knew him well. The first is by William Prinsep, a partner in Palmer & Co. from 1819, who left an extended personal memoir which covers his period with the firm, containing a great deal of information about Palmer.[84] Written in about

1870, the memoir is drawn from personal diaries, which compensates to some degree for any distortions of memory. The other, rather less known, source is the diary of Richard Blechynden, the Calcutta master builder, who enjoyed a close business relationship with Palmer from 1799 until his death in 1822. The Blechynden diaries have already been used by historians to explore social life in Calcutta, especially inter ethnic relations, but they are also are a good starting point for exploring Palmer's character, and provide an invaluable source for two reasons.[85] Firstly, the diaries were written contemporaneously, on the very day of Blechynden's dealings with Palmer. There is an immediacy, a freshness about the described encounters which is the closest one can hope for to a sense of what the man was like in person. Secondly, Blechynden was Palmer's social inferior, and dependent upon him for business. In this respect Blechynden offers a view of the merchant prince from below, a perspective which allows the historian to evaluate Palmer's reputation for charity and *noblesse oblige*. The diaries are also the earliest personal source on Palmer, and therefore the best place to begin a reconstruction of John Palmer's character.

Blechynden first came into contact with John Palmer because of a debt he owed to a Mr Joseph Price, which was being managed by Barber & Palmer.[86] Like the other agency houses, the firm provided a range of services to Europeans in the East India Company's employ, including the management of rented houses for absentee landlords. Fairlie, Fergusson & Co. already employed Blechynden to maintain such properties, and the master builder sought a similar arrangement with Barber & Palmer which would enable him to pay off his debt to Price. In June 1799, Blechynden tried to persuade John Palmer to engage his services, and the approach he took revealed much about Palmer's status in Calcutta society.[87] So intimidated was Blechynden by Palmer's reputation that he followed advice and befriended Mr Hickburne, a clerk in Barber & Palmer, who subsequently agreed to introduce him to the great man.[88] When he finally met Palmer on 31 August 1799, Blechynden asked to be taken into Barber & Palmer's employment, and that part of his salary be set off to reduce his debt to Joseph Price.[89] Palmer refused to respond immediately, and Blechynden had to repeat the proposal through a Mr Deverinne, a mutual friend of Blechynden and Palmer. Deverinne clinched the deal on 23 October, divining from Palmer that the man currently employed to maintain the firm's properties was due to return to England shortly, information Palmer had not disclosed to Blechynden.[90] The careful etiquette of approaching John Palmer through trusted intermediaries demonstrates the reverence in which the great agency house merchants were held, and the deferential and intimate mechanisms by which the patronage of the wealthy and prestigious was secured. It was frequently necessary to cultivate those only slightly better placed than oneself, in order to gain access to their networks of friendship with those higher in the social hierarchy. Palmer's cool response to the initial proposal, followed by acquiescence after endorsement by a mutual

friend, was in keeping with the demands of his own status and the elaborate rules of social courtship.

The deal was a great boost to Blechynden's fortunes. The diary entries for 1799 and 1800 showed a steady flow of jobs for Barber & Palmer, particularly in Alipore, where most of the firm's managed properties were located.[91] Regular meetings with Palmer at the offices of Barber & Palmer cemented a personal friendship between the two men. On 3 August 1801, Palmer signalled his satisfaction with Blechynden by asking him to renovate and extend a house at Ishera, on the Hughly River a few miles north of Calcutta, which Palmer had recently acquired for his growing family.[92] The developing intimacy between the two men was made clear on Blechynden's first visit to the house on 5 August 1801. When Blechynden expressed admiration for two Hogarth prints which had been left by the previous occupant, Palmer instantly gave them to him as a gift.[93] The gesture was typical of an impulsive streak in Palmer's character which led him to many indiscretions in his dealings with the master builder. At times the merchant prince became an uncontrolled gossip who revealed a great deal of confidential information about clients and his opinions of them. Palmer described Mr Fitzroy, a client of Barber & Palmer whose house had been repaired by Blechynden, as 'insane'.[94] In November 1801, Palmer asked Blechynden to wait longer for payment for work done at Ishera, because he had lent Rs1 lakh (Rs100,000) to Sir Home Popham, a naval squadron commander staying briefly in Calcutta en route for convoy duty in the Red Sea.[95] Not even the Governor-General's affairs were sacred. While travelling with Palmer and a Mr Gardiner to Ishera in August 1801, Blechynden witnessed discussion of a private, confidential letter from Lord Wellesley to Palmer about the establishment of a government bank for Bengal, which Palmer freely handed around.[96] Palmer's desire to impress, combined with a tendency to act before thinking, frequently led to such moments of indiscretion.

Impulsiveness also manifested itself in displays of contrary fussiness and maddeningly indecisive and erratic behaviour. The Ishera house project demonstrated this in episodes which bordered on farce. Within a few days of work commencing in August 1801, Palmer began to grumble and interfere. At first he complained that the work was going too slowly because of the idleness of Blechynden's Indian workmen, so a Chokedar was appointed to watch over them.[97] Then Palmer began to insist upon a series of ad hoc changes to the scheduled renovation. On 21 August he asked for an additional two doors on the west side of the hall, and for the billiards room to be paved in stone.[98] Three days later, he demanded that another bathroom was needed.[99] On 17 September, Palmer's brother-in-law persuaded him that one of the bathroom doors, the aperture for which Blechynden had only just cut, needed to be reduced in size, to satisfy the vanity of Mrs Palmer, who was short in stature.[100] 'I wish', Blechynden told his diary, 'Mr Palmer had considered that

where a tall person can pass, a shorter one can go, whilst it does not follow that where a shorter person passes a taller can go.'[101] Much to Blechynden's exasperation, once the door had been reduced, Palmer mused that perhaps the larger door would have been better after all. Blechynden bit his tongue, reflecting that were it not for the work which Palmer could put his way, he would relinquish the job immediately.[102] On 28 September Palmer grumbled that pendentives in the house were too low. Blechynden again yielded to Palmer's whims, even though he disagreed.[103] Five days later, Palmer wanted all of the terracing above the billiard room replaced, together with the tiles laid by Blechynden in one of the verandahs. Blechynden was by now beside himself with frustration.[104] By 7 October, Palmer ordered the whole building to be reroofed. Blechynden believed this to be the work of various 'advisers' who had the ear of the impressionable merchant prince.[105] Palmer seemed to swing in the wind according to who had spoken to him last. On 20 October, he questioned the safety of the walls, asking Blechynden whether they were likely to fall down.[106] Then less than a week later Palmer dropped his bombshell; he wanted the old house demolished and replaced by an entirely new one. Even then Blechynden was staggered at the agony of indecision. At one point in the interview at which Palmer announced his decision, Palmer appeared to change his mind, reverting back to the idea of renovating the old building, only to then press ahead with the idea of a new one for fear that he would be laughed at, 'for having a new top and a new bottom to his house and not new sides'.[107] So changeable was Palmer, however, that Blechynden left him under the impression that the old house would remain, only to be told two days later that a new house was needed after all.[108] The indecision continued; Palmer could not decide how many verandahs he wanted, or their size, and he frequently changed his mind in mid discussion. Blechynden feared that 'the house will be quite a fright before we have done with it'.[109] The master builder's patience was also tested by incessant carping at his professional competence. Blechynden had to demonstrate that the columns were truly perpendicular, that the walls were straight, and that the architraves were as the plans required.[110] Much to his fury, on 3 January 1802, Blechynden arrived on site to find Palmer personally supervising the mounting of an architrave, but again he withheld his anger out of financial self interest.[111] Then in March 1802, Palmer complained about the slow progress made to date. He chided Blechynden for employing too few bricklayers, ignoring the fact that there was a shortage of construction workers in Calcutta.[112] By now, Blechynden was close to despair at his employer, 'with whose impatience and changeability no exertions can keep pace'.[113] Even when the work was finished a week later, there were still problems. Palmer was slow to pay, no trivial matter for Blechynden who had borne the cost of labour and materials involved in the project. It was not until mid August 1802, that Palmer offered a sum of Rs17,000, barely sufficient to cover Blechynden's outlay.[114] Blechynden had to

point out that the sum offered did not include his own remuneration, the size of which was being left to Palmer's discretion, and for the first time there was confrontation between the two men:

> And in the account current I delivered him he would see charged only the money bona fide expended by me – leaving my remuneration entirely to him – he smiled and asked if this was good mode? I replied 'yes, with a man of honour' – he said he was quite at a loss what to say – and as he appeared to be ruminating what to give me, I told him he would probably turn the matter over in his mind better in my absence than in my presence.[115]

Palmer responded two months later, enclosing a Bengal government treasury bill for Rs2,000.[116] Blechynden regarded this as derisory, and he replied sarcastically that perhaps a second treasury bill had fallen out of Palmer's letter. Angrily, he set out in detail the work and expense incurred in the project, enclosing Palmer's treasury bill in his letter, on the assumption that his work had not given satisfaction.[117] Palmer, who clearly valued the work of his master builder (skilled craftsmen were in short supply), and seems to have been embarrassed by Blechynden's response, returned the treasury bill and promised that a further Rs3,000 would be forthcoming. Blechynden still felt this to be inadequate, but decided to accept it.[118] In spite of all this, the two men continued to work together.

The John Palmer who emerges from this is far from the benevolent sophisticate of other contemporary accounts. Instead, we have an indiscreet, fussy, petulant and indecisive man, with little consideration for the feelings of social inferiors. Obsessed with status and far too willing to be led by friends and popular opinion, Palmer appears as an impressionable and gullible lightweight. It is hard to perceive the qualities of subtlety and sensitivity which enabled him to move in the highest political and diplomatic circles later in his career. Blechynden portrays an insecure, dithering man, certainly sociable and energetic, but constantly and anxiously seeking the approval of his social superiors. He appears very close to the gossiping, sycophantic hypocrite depicted by Wurtzburg and Gibson-Hill.

But it is important to set Blechynden's revealing and vivid picture of John Palmer in context. It is after all, a snapshot of Palmer early in his career, before age and experience had instilled greater confidence and improved his powers of judgement. Moreover it is possible to discern among the unattractive mix of traits detected by Blechynden some that contributed very significantly to Palmer's commercial success. Palmer's preoccupation with the trappings of social status, for example, was both prudent and typical of a prominent agency house merchant seeking high placed friends and clients. Indeed, European society in Calcutta generally placed great importance on displays of wealth and rank. Palmer was therefore understandably delighted when the Governor-General expressed an interest in seeing the new house

at Ishera.[119] The intimacy of the European community in India meant that sociability and an eye for current fashions in social sophistication were key assets for any man of business seeking the confidence and funds of his peers. Palmer's apparent affability and his sensitivity about his appearance to others were therefore useful attributes, as hypocritical as they could appear at times. Prinsep also noted how Palmer used his dinner table to cultivate a wide spectrum of Calcutta society.[120] In this context, it is unsurprising that Palmer's letters generally sought to flatter the recipient, and that he was frequently a less than frank correspondent. Wurtzburg's depiction of Palmer's false friendliness towards Raffles is certainly true, but we should remember that this was a man of business eager to win the confidence of such prominent men. Is such calculated insincerity really so uncommon in the business world?

Other aspects of Palmer's personality, not revealed to Blechynden, also throw new light upon some of the attributes the master builder so detested. Palmer was loving, generous and loyal to his family and close friends. The nitpicking fussiness which so infuriated Blechynden was frequently applied to ensure the wellbeing of those he cared for. When Palmer's young daughters Claudine and Mary Anne were due to come out to India in 1810 following education in England, the ship's captain was given the strictest instructions on where the girls should take their meals and with whom they should be permitted to socialise.[121] Much of Palmer's correspondence was concerned with his children; their education, health, his enjoyment of their company, the success or otherwise of their marriages. He was a doting father and husband, who also accepted responsibility for his extended family. When his brothers Sam and William died within a month of each other in 1814, John made provision for their children. Such care and affection was not always rewarded by dutiful behaviour. John's eldest son, Francis, an East India Company soldier, was a dissolute and dishonest gambler, who frequently had to be bailed out of debt by his father.[122] Such was John's affection for his wayward son that, despite repeated threats to do so, he never quite disowned him.

This capacity for human affection extended beyond the bounds of kinship. Palmer's generosity to various charitable causes was legendary, though the extent to which it was motivated by self interest rather than altruism is sometimes difficult to discern. Palmer was well aware that a reputation for generosity to the less well off was a potent commercial asset for an agency house merchant looking for new sources of funds. Personal kindness to the young, recently arrived East India Company writer could secure a lucrative future account, should the young man prove to be successful. Developing a reputation for dealing sympathetically with widows and orphans also impressed men looking to make provision for their families in the event of their own demise. Thus Palmer & Co. was able to use John's charitable reputation to attract capital rich trusts set up by wealthy individuals for their relatives. But there were also acts of kindness which were not motivated by personal gain.

For example, when Charles Holloway, a British officer at Padang died in the summer of 1818, John Palmer provided £2,000 for the education of his orphan sons. Holloway had died owing Palmer very substantial debts, and Palmer's generosity was no small act of humanity.[123] However, where self interest and generosity came into conflict, the former generally took precedence. When Henry St George Tucker was tried for rape in 1806, Palmer opted to provide a character endorsement for his highly placed friend, rather than support the less esteemed Mrs Simpson and her husband.[124] Although Palmer may well have been representing matters as he saw them, it is difficult to imagine him testifying against such a powerful ally. Nonetheless, Palmer was genuinely compassionate and there were numerous instances of his selfless generosity.

Palmer also displayed a prodigious capacity for hard work. His daily work regime from 8am until 5pm regardless of health and season, was no mean feat, especially in the unforgiving Calcutta heat and humidity.[125] In addition, social events, political commitments and charitable work all demanded dedication and endurance. The manic energy which so exasperated Blechynden was usually put to more constructive use. Palmer was also a man of courage and fortitude. He had seen military action and had apparently acquitted himself well, albeit according to his own account. In 1812, he survived the trauma of shipwreck off Borneo with equal mettle.[126] There was also a moral dimension to his bravery. Confronted by the magnitude of his failure in 1830, and the misery it wrought in Indian and European circles in India, a lesser man would probably have fled the country. Palmer not only refused to do this, he also established a modest business dedicated to relieving at least a small portion of the suffering which his bankruptcy had caused. He laboured up to his death in 1836, an impoverished but dignified and stoic old man.

But there were ominously accurate aspects of Blechynden's assessment of John Palmer which in the long run were to prove disastrous for him, his firm and his clients. The master builder was not the only close acquaintance to register the prince of merchant's gullible and naïve nature. William Prinsep recalled how Palmer was easily deceived by captains of the firm's shipping fleet, to the extent that most voyages undertaken made little or no profit, due to the scale of fraud.[127] Prinsep also grumbled that whenever planters of indigo, cotton and other crops approached the firm for new loans or rescheduling of existing debt, Palmer was easily deceived by stories of hard luck, much to the exasperation of the other partners in the firm.[128] Even Palmer himself conceded that it had been his own misjudgement which contributed to the firm's catastrophic problem of bad debt.[129] In mitigation, it will be seen that there were sound commercial reasons for Palmer's liberal policy towards credit and doubtful debt, but it was one which required shrewd judgement of circumstance and character which Palmer did not possess. Too many loans and investments ended in default because Palmer simply misread the

personalities and risks involved. Too frequently, Palmer was moved by friendship or compassion to extend generous terms on loans or debt repayments; honourable motives which Prinsep and the other partners felt were cynically exploited by an alarmingly high number of the firm's debtors. They criticised Palmer's dangerous mix of compassion and gullibility, and to a large extent their concerns were well founded. That said, Palmer should not be caricatured as a hopelessly irrational sentimentalist, with no head for business. His principles for managing the firm amounted to a coherent, if flawed strategy. It was well adapted to the needs of a global business in some ways, and it also met the expectations of the complex but intimate networks of European colonial society and Indian commerce. It was an environment in which the gentlemanly attributes of generosity, compassion and *noblesse oblige* were powerful assets for securing capital and maintaining the loyalty of clients. In this respect, it will become apparent that Palmer's personal qualities were much better suited to the demands of contemporary commercial rationality than might appear at first sight.

Three

THE MANAGEMENT OF JOHN PALMER & COMPANY: STRATEGIES, STRUCTURES AND PROBLEMS

JOHN PALMER & COMPANY were the leading agency house in India during the early nineteenth century, so the organisation and management strategies of the company are of great significance for the imperial and business historian. Their importance lies not only in explaining the central role the agency houses played in the early British colonial economy in the east, but also in the development of social relations between Europeans and Indians during the first half of the nineteenth century. In exploring how Palmer & Co. operated, it is also important to remember that it, like the other houses, was a global business, with commercial connections in India, south-east Asia, China, south Africa, the USA and Europe. In this respect, analysis of how Palmer & Co. organised its affairs offers insights into the development of an early phase of globalisation, in which an expanding, industrialising European economy developed forms of business which not only helped incorporate less developed parts of the world into an emerging global economic system, but also established an institutional framework which permitted the expansion of trade from the more developed economies of Europe and the USA.[1]

To analyse the management and strategies of an agency house, the range of activities in which it was engaged must first be mapped. The multiplicity of business lines of the houses inevitably makes this a complex task. Most houses were involved in shipping, global international trade, commodity investment, as well as a complex range of banking and financial services. However, the fact that Palmer & Co., like the other houses, had to operate principally upon borrowed capital, provides a logical starting point for examining the financial activities of the firm. Secondly, the relationships between the Calcutta firm and its overseas partner firms and connections must also be explored, especially corresponding firms in London with whom the most important inter-firm relationships existed. An important feature of this was how Palmer &

Co. and its London corresponding firms managed the commercial activities in which they had a mutual interest, especially in the changing environment of trade following the opening of the trade to India after 1813. In addition, throughout the chapter the principles and systems by which Palmer and Co. was organised internally, and by which it managed its many business interests, will be considered.

The core of Palmer and Co.'s business was the management of other people's money for profit. The most basic service was agency: arranging financial services such as the remittance of clients' funds to Britain or other parts of the world in return for commission. But more important was its banking activities, the receipt and management of 'constituents'' (clients') savings. East India Company soldiers and civil servants formed the main body of constituents. They needed a secure and remunerative refuge for their salaries, and advice on how to handle their financial affairs. Palmer & Co. and the other agency houses therefore met a pressing need for both the East India Company and its employees, and numerous questions arise in relation to this banking function. How much money was deposited with Palmer & Co. and the other firms? What was the relationship between the constituents and the partners of the firm, and how did this vary? What strategies were employed to retain the deposits of constituents? Were depositors in Palmer & Co. from any identifiable social groups? If so, why did these groups in particular turn to Palmer & Co.? It is also important to note that among the depositors were Indian constituents, raising questions about the motives and social origins of such investors. Were Indian constituents treated differently to Europeans? Studies of agency houses to date rely heavily upon the official records of the East India Company, and tend to draw a generalised picture of the activities of the firms, rather than offer micro-economic analysis of the commercial strategies of specific houses.[2] In part, this reflects the fact that no accounts or ledgers of the Calcutta houses have yet emerged. However, the Palmer papers in the Bodleian Library, Oxford, used in conjunction with the previously unseen insolvency papers of Palmer & Co. held in the Calcutta High Court, makes it possible to piece together important information about the people who deposited money in Palmer & Co., and about the way the business operated. When Palmer & Co. failed in 1830, under the terms of the Insolvency Act in force in India schedules had to be drawn up of the creditors of the firm, a large number of who were people who had deposited their savings with the firm. These schedules were updated from time to time, as new creditors came to light and petitioned for a share of the company's liquidated assets. The enormity of the debts owed by Palmer & Co. meant that proceedings dragged on until the 1870s, when the last schedule of creditors was drawn up. Two insolvency schedules, one for 1831 and one for 1873, are of particular importance.[3] These provide a snapshot of the firm's depositors at the time of its demise, and provide many clues about them and their relationship with the firm.

Taking the schedules together, as shown in appendix 1, there were approximately 770 creditors, who were owed a total of Rs16,630,044 (approximately £1.6 million on the basis of the exchange rate at the time, which was about two shillings to the Rupee). Appendix 2 gives a breakdown of the creditors by type. The largest single category of creditors were other commercial firms, who were owed Rs7,298,343 (approximately £730,000) and which amounted to about 44 per cent of Palmer & Co.'s debts. Some of these firms had simply invested funds in Palmer & Co. by way of normal business. For example the Calcutta Insurance Company seems to have held Rs52,524 in an account with the firm. Other agency houses also figured among the creditors, though the large sums owed to some of these were for loans granted to Palmer & Co. during the difficult years leading to the firm's collapse in 1830. Colvin & Co., for example were owed Rs170,884. Among these corporate creditors was the Dutch government of the East Indies, who were owed Rs61,429. But by far the largest single corporate creditor was the London firm of Cockerell & Trail, who held claim to debts of Rs60,000,000 (£600,000), with whom Palmer & Co. had conducted most of its corresponding business since the beginning of the nineteenth century. It had been the London firm's demand in January 1830, that a substantial slice of this sum be immediately repaid, which had set off the crisis which brought Palmer & Co. down.

Individual creditors, being named persons who held accounts with Palmer & Co., numbered 577 in total, and amounted to Rs6,301,822 in total value (approximately £630,000, being 37.9 percent of the debts owed by Palmer & Co. at the time of failure). The schedules reveal a great deal about the various occupational and social groups with deposits in the firm. As might be expected, the military wing of the East India Company services, together with officers from the Royal Navy and the mercantile marine were heavily represented. Appendix 4 shows there were 161 of these 'uniformed' accounts, worth Rs1,282,407, about one fifth of total individual creditors. Closer analysis reveals that relatively junior officers formed the bulk of these depositors, with 133 of the accounts being for officers below the rank of Major, totalling in value Rs846,947 (two thirds of the value of all military accounts). Mostly these were Lieutenants and Captains, with only a handful of privates and non-commissioned officers. This reflected the firm's policy of deliberately cultivating young, new arrivals in India, providing them with financial advice, introductions and credit, winning in return their life-long loyalty. Palmer adopted a paternal, avuncular pose with these young men, arranging introductions to senior officers and putting in a word to secure promotions. For example, in 1818, Palmer interceded on behalf of a Lieutenant G. Mosely, arranging an interview for him to see John Adam of the Bengal Council to discuss a possible promotion.[4] Palmer's family background and connections in the military were, of course, a huge advantage in cultivating this military clientele. Some senior officers also had accounts with Palmer & Co., but their

number was surprisingly few; only 28 such accounts for officers over the rank of Major are identified in the insolvency schedules, though some of their funds were quite substantial. Major John Rodber was owed Rs51,792, while Major General George Dick's account held Rs25,836. But these were the exception. Probably most long-serving senior officers would have arranged for the remittance to Britain of a large portion of their fortunes before their elevation to the higher ranks. Thus for Palmer, it was the lowlier officer ranks, usually consisting of younger soldiers, who were a major reservoir of capital for the firm; for it was this group within the officer class who were most attracted to the patronage offered by John Palmer.

As shown in appendix 5, outside the military Palmer & Co. also drew in funds from various professional and bureaucratic categories. East India Company civil servants were prominently represented, though the absence in the schedules of recorded titles for many of them makes it impossible to quantify numbers and values. However, some very high ranking East India Company officials appeared among the firm's constituents. George Swinton, Chief Secretary to the Bengal Council, and Secretary to the Secret and Political departments lost (but apparently recovered) Rs67,800.[5] Sir Charles Metcalfe, former Resident at Hyderabad, but by 1830 a member of the Bengal Council, was less fortunate, losing Rs69,055.[6] The Honourable J. E. Elliott, Postmaster-General in the Bengal administration, lost the less impressive sum of Rs2,173.[7] Possession of the accounts of such highly placed individuals of course had long been prized by John Palmer, and was regarded as a potential source of political influence. Rising figures lower down the East India Company hierarchy were also among the firm's creditors. The Collectors of Murshidabad, Jessore, Mynporee and Allyghur together lost Rs131,102, though they appear to have recovered their money in due course.[8] The Collectors for Calpee and Bogelpore were less fortunate, their savings of Rs37,478 were gone forever.[9] The diplomatic wing of the East India Company service was also prominent among the ranks of Palmer & Co.'s constituents. H.C. Cavendish, Superintendent of Ajmere and Political Agent to the states of Jodepore, Jessulmere and Kishnegur, and Gerald Wellesley, Resident to the Court of Indore, and holder of the opium agency at Malwa, lost over Rs50,000 between them.[10] Yet another important group were members of the legal profession. The advantage to the firm of these clients lay not only in their wealth, high status and political influence, but also in their expertise. The more loyal of their number provided an unofficial but substantial reservoir of legal expertise and inside knowledge which supplemented the firm's official legal advisers. The legal complexity of much of Palmer & Co.'s financial activities made this an invaluable resource. Some of the fortunes of the lawyers were very impressive indeed. Henry Douglas, Judge of the Provincial Court of Appeal at Patna lost the huge sum of Rs136,553 (approximately £13–14,000) by Palmer's failure.[11] Edward J. Harington, Judge at Ghazeepore lost Rs27,625.[12] Some other prominent legal

men rescued their losses. James Weir Hogg, Register of the Supreme and Vice Admiralty Courts, and a personal friend of John Palmer, rescued Rs55,356, while Rivers Francis Grindall, Judge of the Provincial Court of Appeal Cases at Benares recovered his savings of Rs35,042.[13] There were also nineteen medical practitioners among Palmer's constituents at the time of failure. The combined value of their accounts was Rs439,675 (approximately £43,000), and Palmer & Co.'s ability to attract and retain their funds rested on more than just the firm's reputation for financial probity. Palmer & Co., as will be seen, built a strong reputation for lending assistance to families, the newly arrived in India, and other vulnerable people likely at some point to require the services of a doctor. A relationship with Palmer & Co. was thus useful for locating new patients.

As appendix 3 demonstrates, another important client group was affluent Indian merchants and noblemen. In 1827 Palmer claimed that Palmer & Co. were held in uniquely high esteem by the Indian community, and that his firm enjoyed the largest investment of Indian capital among the houses.[14] This claim was given substance by the behaviour of a group of Indian creditors during the month following the demise of Palmer & Co. They offered not only to suspend the repayment of their debts by the firm, but also to advance Rs1.5 million to help it out of the crisis.[15] According to Palmer, self interest as well as affection motivated them, since the firm owed them approximately Rs4 million.[16] But here the 1831 and 1873 insolvency schedules present a mystery. These show that Indian creditors (including Indian trusts and estates) were owed only Rs637,707, or just over an eighth of the estimate of Indian creditors offered by Palmer immediately after bankruptcy. How is this discrepancy to be accounted for? Certainly, if Palmer's claim of debts of Rs4million was true, the firm's overall debts would have been about £2 million rather than the £1.6 million sum quoted above. There is evidence to support Palmer's testimony, and there can have been little advantage in inflating the scale of debts he owed. The Insolvent Court itself heard claims from Indian creditors who were not named on either of the schedules. For example, in August 1832 a representative of the late Cower Rajnarain Roy claimed reimbursement of the deceased's debts owed by Palmer & Co. to the tune of Rs10,000.[17] The low figure of Indian creditors in the 1831 and 1873 schedules can be explained in several ways. First, it may be that Indian employees within the firm, or even its *banian* Roggoram Gosain, who enjoyed personal commercial interests outside the firm, tipped off Indian creditors about the difficulties of the firm before its bankruptcy, enabling them to withdraw their funds in advance. This may have been a strategy for Indians to escape the punitive terms of British legislation in respect of insolvency, which treated Europeans more favourably than Indians.[18] Alternatively, Palmer's dealings with these Indian creditors may have been in his own name, and kept out of the firm's books. In the last years before its demise, the affairs of the firm became somewhat chaotic, with the

partners working more to feather their own nests than for the collective good of the firm. Ultimately, the insolvency schedules are a useful, but only partial guide to the actual scale of the debts the firm owed in 1830. Their incompleteness points to the existence among the Indian merchants of strategies and mechanisms for conducting agency house business which were separate and hidden from the European decision making processes captured in the firm's official, legal records.

One very important aspect of the firm's business revealed by the insolvency schedules was the large number of accounts for monies held in trust for widows and children, and estates of the dead managed by the firm. More on these is to be found in appendix 6. John Palmer promoted himself as someone with responsibility for a large and extended family, projecting an image of someone who empathised with those in similar domestic circumstances, regardless of wealth. Men from different branches of the East India Company service established trusts with the firm for wives, children and even mistresses. As shown in appendix 2, in January 1830, the firm held 116 accounts for trusts and another 48 for the estates of the dead. The total value of the funds held in trusts and estates was Rs3,029,879 or 18.2 per cent of all the debts owed by Palmer & Co., according to the schedules. Among these were trusts for European women and children and for 22 *bibi*s (appendix 3), the Indian mistresses of European men. In addition, as shown in appendix 6, there were 82 accounts for European and Indian women and children, worth Rs1,607,088. If these are added to trusts and estates, producing a total value of Rs3,709,295 it is clear that about 22 per cent of Palmer & Co.'s recorded debts at the time of insolvency stemmed from commercial relationships designed to support families, or what was left of them following death or separation. In this respect Palmer & Co. seems to have drawn a hefty proportion of its working capital from the domestic arrangements of European and inter-ethnic families across India. At its core, this multinational enterprise was a family business, employing personal friendship, social networks and Palmer's reputation for amiable domesticity to attract investors.

The management of trust and estate funds epitomised this intimate, 'family friendly' financial strategy, and these kinds of accounts were valued for a number of reasons. Firstly, the terms of wills and trusts could be legally arranged to render the withdrawal of capital from such accounts difficult and complicated. In a competitive environment, in which constituents could shift funds suddenly between agency houses, remit funds home, or purchase government securities, everything had to be done to try to lock capital into the firm. For example, when in 1813 a Mrs A.E. Bird requested that Palmer & Co. hand over the funds placed in trust for herself and her children by her late husband, Palmer was able to refuse because of the terms under which the will had been drawn up.[19] He explained that these precluded the withdrawal of funds until her death, at which time only her children would have an option

to withdraw the money. In the meantime, interest on the trust account would furnish the family with an income. These arrangements illustrate a second advantage of trust accounts for the firm. They effectively put Palmer & Co. in charge of the financial affairs of a family for a very long time indeed, allowing time for the children to be cultivated by financial advice and support from the firm, as they approached maturity. As they acquired new wealth through work or marriage, their savings would also be deposited with Palmer & Co., thereby ensuring a new generation of constituents and capital resources. Mrs Bird's son, William was a case in point. After the young man arrived in Bombay in late 1808, he soon found himself relying on Palmer's help and advice.[20] When he incurred heavy debts to an Indian moneylender, Palmer sent him Rs1,500 to keep the creditor at bay.[21] The bankruptcy of Palmer & Co. cost William Bird Rs29,317 (almost £3,000).[22]

Perhaps the clearest indication of the importance of wills and trusts to the firm was the employment of a leading Calcutta lawyer to help in the drawing up of contracts and other matters. Augustus Frederick Hamilton was an attorney of the Supreme Court of Adjudicature at Fort William, and a constituent of Palmer & Co.[23] Fees and costs relating to his work for the firm were credited to Hamilton's account, which he drew upon to meet his professional expenses. Hamilton was effectively the legal wing of Palmer & Co., not only assisting in all legal matters relating to trusts and wills, but also providing legal advice and help to individual constituents as required. The lawyer's role reinforced Palmer & Co.'s reputation as a 'family friendly' enterprise. A constituent planning for old age, death, the education of children, property transactions, divorce or other personal contingencies, could be catered for by Palmer & Co. in a simplified, convenient and personalised service. Hamilton's expertise was particularly valuable in enabling the firm to minimise the risk of sudden withdrawals of funds. In addition to current accounts from which funds could be withdrawn at short notice, constituents were encouraged to invest in a 'fixed balance' account, which paid a higher rate of interest, but required three months notice for the withdrawal of funds.[24] Indeed a range of strategies were employed to attract and maintain the funds of constituents. Most of these depended upon Palmer's reputation as a supportive and kindly man, a 'merchant prince' who displayed *noblesse oblige* to his social inferiors. Indeed, Palmer's friendships and relationships with Europeans and Indians were invariably complex, frequently combining motives of genuine affection and compassion, with commercial self interest.

Equally important as the firm's ability to attract investors in India, were its dealings with its corresponding house or houses in London. The principal house with whom Palmer & Co. conducted its commercial relations was Paxton, Cockerell & Trail, the senior partners of which had previously been partners in the firm that became Palmer & Co. Relations between the houses centred upon a range of mutually beneficial commercial activities. The

London firm purchased the indigo and other commodities produced from advances made to producers by Palmer & Co. Some of these purchases were directly from Palmer & Co., others from the producers themselves. Before 1813, these goods were exported to Britain via the privilege trade, the cargo space allocated to officers aboard East India Company ships for the purpose of limited private trade, which was frequently sold to the agency houses. After 1813, when the Indian trade was thrown open, the houses could ship directly to Britain on their own ships, or purchase space on the free trading vessels which came to India with British manufactures for the Indian market. These exports of Indian commodities, especially indigo, performed a dual function. The commodities were sold for profit by the London house, either in Britain, or on the continent. In addition, the value of the goods imported from India were set off in the books of the London firm against monies paid out by them on behalf of either Palmer & Co. or the constituents of the Calcutta firm. The latter function, usually referred to by contemporaries as remittance, was a particularly vital aspect of the relationship between the two firms. The East India Company servants and other Europeans who made up the largest proportion of Palmer & Co.'s clients, constantly needed to repatriate their funds, to support relatives at home, prepare for retirement, or simply take advantage of British investment opportunities. As a result, the London house found itself having to pay out large sums on behalf of the constituents of Palmer & Co., as well as provide numerous other services for them, for which they charged commission. In this respect, Paxton, Cockerell & Trail, like the other London East India agency houses, acted as agents for the constituents of their Indian corresponding house, when financial or commercial measures were required in Britain itself. This might involve providing incomes for relatives, paying for the education of children, investing the savings of constituents or buying property. The London house would provide similar services for the partners of the Indian firm, as well as recruit British based constituents for the Indian firm. These British constituents became a significant source of capital for Palmer & Co., and as they also usually invested funds in Paxton, Cockerell & Trail, the London firm took care to ensure that the Indian house attended fully to their interests. For example, in March 1810 Palmer asked the London house to consult his English constituents on whether they wished funds invested on their behalf by Palmer & Co. in government securities should be reinvested in a new government loan shortly to be issued, or remitted back to England in bills drawn on the East India Company Court of Directors.[25]

From time to time, Palmer & Co. also drew upon the funds of the London house to meet pressing expenses, either in Britain or occasionally in India. The complex commercial relations between Paxton, Cockerell & Trail and Palmer & Co. were recorded in accounts maintained both in London and Calcutta by the respective firms. These 'Exchange Accounts', so-called because the transactions recorded therein also involved complex calculations to take into

account a shifting balance in the relative values of the Rupee and the Pound Sterling, were frequently the source of dispute between the houses, who tended to compute the existing state of affairs in ways favourable to their own respective interests.[26] An added complication in the relationship between the firms was that, as with most of the London houses, there was an expectation that once their fortunes had been made, partners in the Indian agency house would graduate to join the London firm. The careers of Paxton, Cockerell & Trail themselves had followed this path, and it was clear that John Palmer and the other Indian partners anticipated a similar progression. As a result, in spite of the fact that the corresponding firms were legally separate and equal commercial organisations, the London houses always enjoyed a degree of power over their Indian partners. It was after all, to their own ranks that the Indian merchants aspired, and whether or not this goal would be fulfilled lay in the hands of the London firm. In addition, the London houses, who invested substantially in East India Company stock, enjoyed closer proximity to men of political power and influence, both in the East India Company Directorate, and ultimately at Westminster. The wishes of the London men therefore tended to take precedence.

The relationship between Palmer & Co. and Paxton, Cockerell & Trail was difficult almost from the moment that Palmer joined the firm. During Palmer's absence in London between 1803 and 1806, serious problems beset Trail & Palmer, including the scandal of Tucker's attempted rape of Dorothea Simpson. Some of these difficulties continued after Palmer's return, and were exacerbated by Palmer's simmering feud with his rival partner William Logan. First of all, the firm lost the accounts of some very prominent men, most notably Lord Cornwallis, the former Governor-General, who in 1808/9 shifted his funds to the rival house of Fairlie, Fergusson & Co. If this were not bad enough, he did this partly under the encouragement of George Robinson, a prominent East India Company director and client of Fairlie's who was, for reasons which are unclear, quite bitterly hostile to Trail & Palmer.[27] A clue to the source of these problems lies in complaints made by other constituents. A Mr Adamson grumbled that his consignments of indigo had been mishandled by the house, and demanded compensation for the losses he had consequently incurred. The offence seems to have occurred during the period of Palmer's absence from India, and arose partly out of the discontinuity this caused in the handling of Adamson's affairs, Palmer's temporary replacement Tucker being unfamiliar with the intricacies of the business.[28] The readiness with which Palmer blamed Logan for a lack of vigilance over Tucker's handling of business revealed tensions within the firm which contributed to these embarrassing errors. Even more serious, however, was a steady growth in the size of Palmer & Co.'s debts to Paxton, Cockerell & Trail. In May 1810, Sir Charles Cockerell's request that the Indian house's debt be reduced significantly was met with evasion and sycophancy, as Palmer argued that the current rate of

exchange made this impossible, whilst worrying that some 'want of cordiality' in their personal relations had been the reason for Cockerell's demand.[29] In fact, Logan met his death en route to London, charged with alleviating fears in the London house about the solvency of Palmer & Co.[30] A familiar pattern was set, in which heavy draughts on the credit and resources of the London house to meet the remittance demands of Palmer & Co.'s constituents or other exigencies, would be followed by anxieties in the former about the viability of the latter. It continued almost incessantly until the demise of Palmer & Co. Tensions between the two firms were intensified by changes within both organisations and in the prevailing political and economic circumstances. Once in full control, Palmer embarked upon a considerable expansion of the business, involving generous credit and advances to indigo producers, the acquisition of a trading fleet, and adventurous new enterprises in the opium trade, as well as plantation agriculture in south-east Asia. The London firm were called upon to bear some of the costs of these, and while they reluctantly complied, they continually expressed strong reservations about some of the methods by which Palmer conducted affairs. In particular, as Palmer's debts mounted to them, they became increasingly critical of Palmer's policy towards his own debtors, and pressed the Indian house to take a tougher line with them.[31] But Palmer always resisted this for reasons which will become clear. As a consequence the chain of debt leading to Paxton, Cockerell & Trail mounted. Tempers flared as this tense relationship meandered on. The London firm, like many of its contemporaries, moved away from dependence upon its close-knit relationship with the Indian corresponding firm. Increasingly it began to seek new commercial opportunities in the thriving financial world of the City of London, and in 1814, the London firm decided to relocate its offices from Pall Mall.[32] In fact it was only in 1816 that it secured an office at White Lion Court, Cornhill, and not until 1819 was it able to abandon its Pall Mall offices for a permanent base in Austin Friars, close to the Bank of England.[33]

In the meantime however, Paxton, Cockerell & Trail and its partners expanded their horizons. By 1810, all three main partners enjoyed close links with the ruling elite which brought new commercial opportunities. The eldest partner, Sir William Paxton (1744–1824), knighted in 1803, was an MP for Carmarthen from 1803 until 1807, and was instrumental in providing the town with piped water. He later became a director of the Gas, Light & Coke Company.[34] Henry Trail (1755–1835) bought a landed estate in his native Fife on his return from India in 1800, and by 1806 had become a stockholder in the East India Company. He was even briefly MP for Weymouth and Melcombe Regis in 1812–1813. So successful was his career in the London firm that in 1814 he was able to provide his daughter with a dowry of £10,000.[35] But it was perhaps Sir Charles Cockerell (1755–1837) who achieved the greatest personal success. Besides acquiring Sezincote house in the Cotswolds, and marrying into the gentry, Cockerell developed his links with the Wellesleys

(including the Duke of Wellington), through which he had acquired his baronetcy in 1809. By 1818 he was the principal creditor of that celebrated family, and as a result of these high connections in 1835 he became a Commissioner of the Board of Control, the government ministry in charge of Indian affairs. He was also a director of Globe Insurance from 1811.[36] In this way the careers of the senior partners gradually took them away from their *nabob* origins, and new men were incorporated into the firm whose backgrounds strengthened this tendency to look for new opportunities. Probably the most important of these was George Hochepied Larpent (1786–1855), who became a junior partner in the firm in 1814.[37] Larpent never went to India, and was therefore free of ties of personal loyalty to the people still in the Indian house.[38] In the 1820s, Larpent became a renowned political activist on behalf of the London East India agency houses, taking a leading role in the East India Trade Committee, an organisation set up to defend British trading and commercial interests in the region during the Anglo-Dutch negotiations which led to the Treaty of London of 1824, and the confirmation of Singapore as a British possession.[39] He campaigned for the liberalisation of sugar duties, and in the 1830s became Chairman of the London East India and China Association.[40] By the 1820s the London firm began to move into new areas of commercial activity which were to eclipse its traditional agency relationship with Palmer and Co. The ending of the East India Company's India monopoly in 1813 opened south and south-east Asia to the export of British manufactures, and during the 1820s Paxton, Cockerell & Trail, together with the other London houses, became involved in the export of British cotton manufactures to the east as commission agents.[41] Significantly, few of the houses, including Paxton, Cockerell & Trail, chose to use their existing Indian corresponding firms as a conduit for this new export trade, opting instead to employ newly established Indian firms which specialised in the import of British manufactures.[42] By the end of the 1820s the London house also had a thriving stake in developing a passenger service to India.[43] This diversification of Paxton, Cockerell & Trail's business made it so much easier for the London house to countenance the fall of its Indian partner firm at the end of the 1820s.

In fact, much to Palmer's dismay, moves were set in train by the London firm to terminate the link between the houses as early as 1816.[44] But the mutual interests of the firms were such that this was never accomplished, in spite of the avowed intention of the London partners and the reluctant compliance of John Palmer. The size of Palmer & Co.'s debts to the London house, and the continuing importance of its Indian connections made separation difficult and protracted. Indeed, almost as soon as the relationship between the London and Indian firms was declared at an end, there were those in the London house who had second thoughts. Thus, though in January 1819 Palmer confided to his partner and son-in-law Henry Hobhouse that he thought the relationship with Paxton, Cockerell & Trail was finally dissolved,

a letter to Henry Trail on the previous day made it clear that there was too much long term mutual business in which the houses were involved for this to be effected in the near future.[45] In reality, the two firms continued to co-operate with only a limited interruption, up till the London house precipitated Palmer & Co.'s bankruptcy in 1830.

Following the 'official' parting of the ways in 1819, John Palmer cultivated a new connection with Baring Brothers of London. Palmer's acquaintance with the Baring family began in 1808, by which time he was already exporting opium to China through George Baring, an East India Company official in Canton and the son of Sir Francis Baring, the powerful financier and stockholder in the East India Company.[46] Though George Baring was ultimately forced by the East India Company to cease his private commercial activities, Palmer maintained a correspondence with both George and his eminent father, and in April 1818 he opened a corresponding relationship with Barings.[47] Substantial quantities of indigo were exported to Britain through Barings, both on Palmer & Co.'s own account and for its constituents. For example, between September 1819 and March 1821 Gervais Robinson, a British merchant in Bengal, exported 349 chests of indigo worth £24,834 through Palmer & Co. and Barings.[48] J. Yeld exported 202 chests worth £10,606 between September 1819 and December 1820, and Charles Sweedland, the East India Company's Commercial Resident at Benares, channelled 155 chests to the value of £8,706 between September 1819 and December 1820.[49] The Bengal firm of Stewart & Robinson exported £34,946 worth of indigo and raw cotton between September 1819 and January 1820 alone.[50] Over a longer period, D. Turnbull, a Bengal Merchant, sent cotton, sugar and saltpetre to the value of £53,719 between July 1819 and February 1822.[51] Over thirty such individual and company accounts may be identified in the Barings ledgers, including some Indians such as Delsook Roy and Tooney Loll, and senior Dutch officials such as the Governor-General, Baron Van der Capellen.[52] Palmer & Co.'s own exports of produce were quite substantial. Between August 1821 and October 1821 alone, they delivered 251 chests of indigo worth £19,475, and 452 chests worth £38,824 between April and November 1823.[53] But Palmer & Co.'s business appeared for about only six years in Barings' ledgers, and it began to peter out in about 1824.[54]

There were several reasons for what was essentially a second change of allegiance. Firstly, Paxton, Cockerell & Trail unexpectedly missed the volume of consignments of cotton and indigo which Palmer had put their way and openly regretted their loss.[55] In spite of their exasperation at Palmer's business practices, about which they continued to complain, there was a change of heart, probably inspired by promising changes in the composition of the partnership in Palmer & Co. By 1822, overtures had been made by London for a renewal of the alliance between the houses.[56] Although Palmer initially played hard to get, stressing the importance of his new arrangement with

Barings, he eventually agreed for John Studholme Brownrigg, a new partner in the Indian house, to return to London to negotiate terms for a renewal of the old relationship.[57] An additional factor was that relations with Barings were not running as smoothly as Palmer had hoped. Almost from the outset, Palmer found Barings far less tolerant of his cavalier commercial practices, and much more dictatorial in how business should be conducted.[58] As early as September 1818, Palmer complained of Barings' 'objections, cavils and reasonings which seem to me destitute of foundation'.[59] Barings were a much bigger firm than Paxton, Cockerell & Trail, and were less inclined to put up with Palmer's unorthodox approach to business. Even during the height of the relationship with Palmer & Co., between 1819 and 1822, Palmer corresponded much more frequently with the partners of Paxton, Cockerell & Trail. Ultimately, Palmer's close personal ties with the men of the latter firm, in spite of his turbulent relations with them, outweighed the rather impersonal arrangements with Barings.

It is essential to grasp how the organisation of Palmer & Co. evolved to meet the challenge of emerging new lines of business, and the strategies employed to ensure their success. Like the other agency houses, the firm was led by four or five European partners, working closely with several principal Indian merchants (*banian*s), whose status fell somewhere between partner and employee. They were supported by a substantial clerical staff of both European and Indian origin. For much of the life of the house, a pivotal figure was Roggoram Gosain, the high caste Hindu *banian*, whose personal loyalty to John Palmer was legendary.[60] He dealt with transactions with the Indian community. Other long serving Indians included Gunganarain Doss and Comulcaunth Doss, clerks brought in by Palmer from his old firm in 1803. They controlled the strong boxes and cash records of Palmer & Co., a role which was to prove very controversial indeed.[61] There was a high degree of specialisation by the partners, tasks being divided into separate departments, including ones for financial, commercial and cash transactions.[62]

The work became more complex as the scope of Palmer & Co.'s business extended. The acquisition of a shipping fleet after 1811 improved the firm's ability to take advantage of the new opportunities in the country trade, and after 1813 in trade with Europe, but it also increased the burden of labour. Ships were owned jointly by Palmer & Co. and the men who captained the vessels, and while this may have reduced the cost of running the fleet, it also required constant vigilance of their trans-global trading ventures to protect Palmer & Co.'s interest. Prinsep noted the difficulty in monitoring the activities of the ships and their captains in 1819, when the company had 16 ships.[63] Three years later the fleet had grown to 22 vessels, and the administration involved was very substantial.[64] Partners and staff did not only have to scrutinise the voyages and transactions undertaken by the ships captains. The fleet changed constantly as old ships were sold and new ones acquired, generating

a huge amount of legal and administrative work. Some ships were purchased in the east and then sold in London, as a means of remitting money back to London. This was done, for example, with the ships *Claudine* (built in Calcutta in 1812) in 1819, *Countess of Harcourt* (Penang 1812) in 1814 and *Kent* (Chittagong 1814) in 1823.[65]

The growth of the firm's indigo operations, involvement in the opium trade, its plantations in south-east Asia and the general need to maintain correspondence with other firms, clients and constituents all over the world, generated huge responsibilities with which the partners struggled to cope. Working hours were gruelling. Both Palmer and William Prinsep grumbled about daily toil which began at 7 or 8am, and extended beyond 6pm or later.[66] Indeed, the sheer cost of the firm's administration became itself a major problem, but the volume of work meant that it was difficult to balance the books by retrenchment of the office establishment.[67] Finding adequately qualified and experienced people to fill partnership positions from a small European population whose expertise lay mainly either in military or bureaucratic affairs rather than commerce was also difficult. So rare were men of appropriate talents that when a young man like William Prinsep appeared in 1817/18, who could offer both an extensive personal experience in commerce (in the silk trade), as well as kinship with fast rising East India Company officials in the Calcutta administration, Palmer felt obliged to poach him from the rival firm of Cruttenden, Mackillop & Co.[68] But Prinsep was the exception, and Palmer found most of his succession of partners wanting in one degree or another. He even took to recruiting as partners his son-in-law Henry Hobhouse, and his son Charles, but his disappointment with them was even more acute. Such a dearth of talent would prove a serious weakness.

Just as Palmer needed strategies to attract new constituents to furnish the house with working capital, so also the investment interests of the firm required methods of business appropriate to the peculiarities of Indian colonial society and the global reach of the its transactions. The breadth of activities was considerable, from shipping and global trade (including the lucrative opium trade to China), banking, and government agency to the finance of plantation agriculture all over the east. The complexities of colonial society and the turbulent political climate in which these diverse lines of business were pursued required the firm to use questionable and unorthodox methods which frequently met puzzlement and disapproval in the London corresponding house. The full complexity of how the social context shaped the commercial behaviour of John Palmer will emerge more clearly in the next chapter, but a number of key strategies are worth outlining in this overview of how the business operated.

John Palmer's personal reputation as an honourable man of compassion and conscience served the house's activities in trade and investment as much as it did in banking. In practice, the investment opportunities enjoyed by the

agency houses were quite limited, and subject to intense competition between them. The East India Company's monopoly, global war, contemporary transport technologies and the climate and soil of India and the east restricted the number of profitable openings for investment. In India, the commodity most able to command a market in Britain and Europe was indigo, a natural dye demanded particularly by Britain's expanding textile industry. A profitable export in itself, the crop also provided a means of remitting through trade to Britain the personal fortunes of the agency house partners and their constituents. But there were many problems which beset the industry. Firstly, the dual function of the trade as a medium of remittance as well as export for profit distorted commercial decision making. Even if the British and European markets for indigo were depressed and prices were falling, agency houses frequently had to export the commodity because of the pressure from their constituents and London correspondents to remit funds. Consequently, the houses frequently suffered heavy losses on the trade, to the fury and incomprehension of their London sister firms. Falling prices and depressed markets also hit the producers hard, who then found it hard to repay the advances made to them by the agency houses, escalating the burden of bad and doubtful debts the latter would have to carry. Secondly, indigo was particularly vulnerable to the extremes of India's monsoon climate. Too much or too little rain could have a catastrophic impact upon output, hitting the profits of producers and their ability to service debts. Thirdly, the unpredictability of trade in wartime also contributed to these uncertainties. In August 1809, for example, general gloom about the prospects for indigo prices and sales were transformed just two months later by the unexpected arrival of an American merchant fleet in Calcutta, which sparked a price rise of over 50 per cent.[69] A fourth difficulty was that many of the men who embarked upon indigo enterprises were wanting in capital, knowledge and skill, and depended upon Indian subordinates for the day to day operation of their enterprises and upon the agency houses for working capital. Together, these factors made it inevitable that a large number of indigo producers would run up debts which they would then struggle to service. The problem was compounded by the readiness of Indian moneylenders (*shroffs*) to offer new loans, often at punitive rates of interest, and on terms far more draconian in the event of default. Such developments posed further problems for the agency houses which had made advances to these indigo producers. Based in Calcutta, the houses were geographically distant from the indigo factories and producers, while Indian creditors usually lived in the locality. A local *shroff* might therefore bankrupt a producer, and deprive an agency house of any prospect of recovering its advances, before the house even realised that its investment was in danger. Finally, the instability of the international economy during the period, due to global war, Napoleon's continental blockade, and the economic uncertainties of the peace after 1815, meant that markets for indigo in Britain and Europe were notoriously vola-

tile. Managing these complex and unpredictable factors prompted Palmer to adopt several key strategies in its indigo operations.

A vital part of Palmer's approach was his belief in a tolerant attitude towards the debts of indigo producers. A policy of ready foreclosure even on notoriously unreliable debtors would only result in the loss of monies advanced, and a haemorrhage of disaffected indigo producers to rival agency houses. Palmer & Co.'s involvement in indigo was very substantial. In late 1809, the firm shipped 3,000 maunds (about 100 tons) of the item to London, worth about Rs510,000 (about £51,000).[70] In 1823, a bad year for the crop because of the weather, Palmer still expected his advances to produce 8,000 maunds of a total 60,000 maunds for the whole of northern India.[71] Singh shows that the minimum price for indigo in 1823 was Rs310 per maund, and on this basis, Palmer's investments would have produced an output worth Rs2,480,000 (approximately £248,000).[72] By 1829, Palmer & Co.'s commercial activities generated 16 per cent of the total indigo output of northern India, exceeded only by Alexander & Co.[73] In this context, Palmer's indigo operations were too valuable for the firm to sacrifice its good name among the producers. There was another important consideration. Since Palmer's success in attracting constituents to the house depended upon his reputation for paternalistic compassion and empathy towards his social inferiors, an uncharacteristically tough policy towards his debtors might undermine the firm's ability to attract capital. Besides, the unstable nature of the indigo trade meant that the commercial prospects of the industry could be transformed overnight by sudden shifts in demand and price. The trade was a highly speculative one in which opportunities for large profits might easily be lost by excessively harsh management of debt. Tolerance of debt was compensated by strict measures to ensure that indigo exported to Britain was of the highest quality. When William Prinsep joined Palmer & Co. in 1818, one of the first skills he mastered was how to check consignments for quality. In his first year alone, he scrutinised 30,000 maunds of indigo.[74]

However, Palmer's amenable policy towards indigo debt met hostility from the London house, especially in 1809 when it appeared that almost two thirds of Palmer & Co.'s debtors were close to default.[75] Palmer fiercely defended his policy, which he refused to abandon.[76] Pressure from England forced him to compromise, though. In 1810 Palmer promised to enforce sterner discipline upon recalcitrant debtors.[77] Thus in May 1811 he refused an advance to a J. Maclean, who wanted to set himself up in indigo production, on the grounds that the trade was in too depressed a state.[78] But over the next ten years, debts to Palmer & Co. mounted. By 1820, Palmer had to concede that the writing off of bad debts had cost the firm about Rs100 lakhs during the previous eighteen years – or the staggering sum of approximately £1.25 million (at an exchange rate of approximately 8 rupees to the pound sterling).[79] By this time, a new generation of partners in Palmer & Co. had joined the chorus

from home for tougher policies towards debtors, particularly to ensure that indigo producers followed instructions. As a result, in September 1819 Palmer reduced the size of the advance promised to a Mr Ellerton because of his failure to produce more than 400 maunds annually. Palmer made sure that the London house knew of this action.[80] Just two months later, Palmer informed Trail of a general reduction of advances to indigo producers by one third, re-allocating the surplus funds this generated to the best run factories. A tighter regime of scrutiny was also introduced. In order to prevent wholesale desertion by disaffected producers to other agency houses, Palmer tried to persuade the other houses to adopt the same policy, but with limited success.[81] In the mid 1820s, Palmer also employed Richard Williams, a former East India Company servant, to inspect the factories of the firm's debtors.[82] His brief was to expose fraud and incompetence, and in 1826, he was sent to Jessore to investigate several indigo estates and factories.[83] Under pressure from some of the new partners in Palmer & Co., especially John Studholme Brownrigg, who wanted a much more interventionist approach towards indigo production, including the firm acquiring and running indigo plantations and factories, Palmer began to foreclose on advances to the most recalcitrant debtors, ordering the seizure of their lands and assets.[84] When Palmer & Co. and the other agency houses lobbied the Bengal administration for financial assistance in April 1827 during a deepening commercial crisis, they were required to justify their application by reference to a statement of their assets. This revealed that Palmer & Co. had taken ownership of the indigo factories at Sarnaut in 1823 from Mr Yeld, who had been unable to meet his debt obligations to the firm. Another factory at Boniboree had been taken from a Mr Richardson.[85] By the time of its failure, Palmer & Co. either owned or enjoyed part ownership of 21 indigo factories in eastern India, including ones as far north as Murshidabad, as far west as Benares, and as far east as Dacca.[86] In addition, it ran a further 22 factories on behalf of clients.[87] A full list of these indigo interests can be found in appendix 8. Yet Palmer himself was never comfortable with this aggressive interventionism, noting the 'odium in the agent becoming proprietor'.[88] His acceptance of the policy signalled a shift in the balance of power within the firm in favour of a new generation of partners.

Palmer much preferred informal methods of controlling debt which sprang from and reinforced his own personal prestige. In particular, Palmer frequently mediated between debtors and creditors, seeking amicable solutions to disputes. This enabled him to prevent other creditors bankrupting those who owed substantial amounts to Palmer & Co. The role of mediator also strengthened Palmer's hold over his debtors, reinforcing the financial obligation with a personal and moral one. The strategy was used on many occasions. In December 1808, Palmer interceded between Mr Pole of Chilawarat and his creditor, Mr Rickets. Pole owed Palmer & Co. a substantial sum, and while

Palmer condemned Pole's slapdash attitude to business, he agreed to keep Pole afloat to avoid having to write off the debt.[89] In February 1809, Palmer intervened on behalf of a Mr Yeld, who was being pressed for repayment of his debt to Palmer's friend, Jacob Rider. Palmer asked Rider to suspend his demands until Yeld had an opportunity to sell his existing stocks of indigo.[90] At about the same time Palmer also mediated in a dispute between Gervais Robinson, another of his debtors, and a Mr Aguilar, to ensure that the former could continue in business.[91] Less than two years later, Palmer was asking a Mr J. Taylor, agent for a creditor of Robinson's, to show leniency towards the latter because of the scale of Robinson's debts and the danger that he might abscond![92] Thirteen years later, Palmer yet again intervened in Robinson's affairs, this time to resolve a dispute with his partner, Mr Speed.[93] In 1827, Palmer asked his client Charles Sweedland, the Commercial Resident at Cossimbazar, to dissuade Rajah Godwant Singh from pressing demands for debt repayment from a Mr Charles Hampton. Hampton owed Palmer & Co. a substantial sum, and Palmer feared that Godwant Singh might trigger a general default on Hampton's debts.[94] Debt mediation was not a role Palmer confined to the indigo trade. In 1810, he asked Charles Forbes, the leading Bombay merchant to intercede on behalf of one Thomas Cotton, a 'protégé' of Palmer who had been imprisoned on the petition of Fairlie & Co. because of an outstanding debt he owed to an estate managed by the latter firm.[95] A year earlier, Palmer had also intervened on behalf of a Mr Shaw, who owed money to the estate of a Mr Henry Chain. This time, Palmer had to approach the Mullie family, an Indian merchant dynasty who were acting for Chain's estate.[96] Even when Palmer acted for clients pursuing the debts of others, he frequently counselled liberality and patience. When in 1811 a Mr Lambert pressed for settlement of a debt owed by the troubled firm of Scott, Wilson & Co., Palmer advised that the partners in the firm were doing their utmost to turn affairs around, even at the expense of great personal hardship, and that mercy was both wise and morally correct.[97] Palmer believed that this approach to debt management minimised the risk of widespread defalcations on debts, the consequences of which were unpredictable and potentially disastrous. In the late 1820s the British house of Mercer & Co., together with a number of other small firms went under, a development attributed by Palmer to an unrestrained rush for repayment, particularly from Indian *shroffs*.[98] Careful mediation and sensitivity in matters of debt also enhanced Palmer's standing in the eyes of potential constituents and clients, and helped to attract new business in the extremely competitive commercial environment of the time.

Like the other agency houses, Palmer & Co. was engaged in global movements of goods and capital, operations which required solutions to some formidable problems. Contemporary technologies of transport and communication which depended upon sail, horse and bullock, were slow and subject to the vagaries of war, weather, piracy, diplomatic obstruction as well as barriers

of culture and language. Securing reliable intelligence on market conditions in distant lands, or ensuring that confidence in the security of the firm was maintained across the world, were daunting challenges. On the latter point, it is important to remember that constituents in Palmer & Co. were not confined to India, but spread across the east as well as in Britain and Europe. Rumours, sometimes malicious in intent, could be spread which might trigger a run on the deposits of funds in the firm, or damage its reputation and credit in the eyes of trading partners. To counteract such dangers, Palmer cultivated an international network of correspondents, many of them constituents, debtors or commercial allies, who had a vested interest in providing the firm with crucial intelligence, or even acting on its behalf if local circumstances required prompt action. In 1813, for example, rumours circulated on Java that Palmer & Co. was on the brink of failure. One Count de L'Etang of Batavia informed Palmer of the situation, who instructed two of his constituents, Lieutenant Eckford and Lieutenant Colonel Dewar, to reassure clients on the island that the rumours were false.[99]

More routinely such contacts were used to construct a global picture of changing market conditions. Perhaps the most volatile of the firm's lines of business was the export of opium. Palmer & Co.'s involvement in the trade had grown rapidly, especially after Palmer returned to India in 1806. In December 1808, Palmer boasted to the East India Company director George Millet that his firm purchased between about a third and a quarter of the 4 or 5,000 chests of opium sold annually in Calcutta by the East India Company under its monopoly.[100] This leading role was reaffirmed a month later, when Palmer revealed his purchase of a third of the 2100 chests of opium available at the last opium sale.[101] Palmer's principal trading connection in China was initially George Baring, an East India Company servant. When the East India Company forbade its servants to deal in opium, Palmer developed a trading partnership with J. Robarts and J. Molony, former associates of Baring, whose firm in Canton evolved into the celebrated firm of Dent & Co.[102] While the bulk of Palmer & Co.'s opium exports went to China, the company also sold the drug in the ports of south-east Asia, through traders and firms in the European ports, or via speculative voyages to places outside European control. On Penang, the firm developed a close trading relationship with the pepper planter, David Brown, and the merchant Syed Hussein, who became a contender for the throne of his native Aceh, in northern Sumatra.[103] These were reinforced by Palmer's close relationship with leading members of the Penang administration, especially William Petrie and W.E. Phillips.[104] On Java, Palmer enjoyed close links with Deans, Scott & Co. who handled their plantation interests, and numerous other traders and officials, successively Dutch then British. He also became a close friend of the Sultan of Pontianak, a tiny kingdom in Borneo. These connections in China and across south-east Asia enabled Palmer to plan trading voyages to take into account

local conditions and demand. For example, in July 1809 Palmer decided to restrict his opium purchases and exports on receiving information that the south-east Asian market was sluggish.[105] Less than a year later, he was able to warn D. F. Mitchell, a Penang merchant, that the coming season for opium looked unpromising because of difficult market conditions in China.[106] In December 1816, Palmer predicted a fall in the price of opium to Rs1200 per chest because of poor demand in south-east Asia.[107] At about the same time, there was growing concern about the smuggling of opium from Turkey and Malwa (not yet incorporated into the British Indian empire) to China and south-east Asia, a practice which infringed the East India Company's monopoly, undermined the price of the commodity and hit the profits of the British agency houses in India and China. The smuggling trade bedevilled British interest until the 1830s.[108] Again, Palmer used his eastern intelligence network to warn his partners in the trade of the likely impact upon prices and demand, and to amend his own purchases of the drug.[109]

John Palmer thus developed a range of commercial strategies which were founded upon personal reputation, prestige, and a network of intimate contacts with constituents, clients and trading partners in India and around the world. The notion of a trans-continental enterprise engaged in such a wide range of different commercial activities, depending so heavily upon personal reputation and relationships may seem strange in the modern world of trans-national corporations and multi-billion dollar empires. But it should be remembered that in spite of the vast sums of money and huge distances involved, at this time British and international commerce was conducted through relatively few hands. The British empire in India and the east, involved a relatively small number of officials and soldiers, scattered across the region. As a consequence, intimacy, trust and the personal touch remained key factors which shaped commercial conduct, culture and strategy. This was also a time when social relations in Britain still depended upon personal patronage and paternalism, especially in the personal advancement of young men in the professions. In the restricted British colonial society of India such attitudes were intensified, and outlived their predominance at home. The East India Company in Britain and abroad operated through the exercise of personal patronage, especially in the recruitment and promotion of it staff. In this context, it is unsurprising that a leading agency house such as Palmer & Co. should place such a premium upon status and the 'personal touch'. However, it brings into question notions of individual economic rationality which have become central to assumptions about economic behaviour. The idea of 'rational economic man' making economic decisions based upon cold logic, self interest and a disregard for 'irrational' human considerations such as loyalty, friendship or mere status, has already been questioned by some sociologists. Rather, it is argued, the reasoning behind the economic decision making of entrepreneurs and others can only be understood within the social

context of its time; economic behaviour and rationality are thus 'embedded' in the prevailing system of social values and relationships.[110] In this light, Palmer's tolerance of debt, willingness to lend on terms which seemed imprudent, and his tendency to take promises at face value, were not examples of naivety or economically irrational behaviour, but more complex calculations which took into account intangible social considerations such as status, trust and reputation, as well as self interest. Ultimately, Palmer made many errors of judgement, some of which certainly contributed to his demise, but these cannot be dismissed as mere foolishness or an inability to think and act logically. A fuller grasp of the personal forces and considerations which shaped Palmer's behaviour and judgement will emerge from the exploration of Palmer's personal life and relationships which follows.

Four

PARENTHOOD AND PATRONAGE: RACE, KINSHIP, SOCIETY AND ANGLO-INDIAN BUSINESS CULTURE

A VISITOR to Kolkata in the early twenty-first century would find it difficult to visualise the intimate European and Indian worlds within which John Palmer moved. Two centuries of urban development, population growth and political change have engulfed most of the merchant palaces, theatres and landmarks of his day. The site of Palmer's celebrated mansion in the Lal Bazaar is now occupied by the Kolkata police headquarters. While the Victoria Memorial, the cathedral and Government House all remain as symbols of the might and majesty of British rule, the personal world in which the colonists moved in the city has faded from view. Perhaps in only two locations does this intimate aspect of early imperial Calcutta resonate. The cemetery on South Park Street, eerily reminiscent of an English country churchyard, is a melancholy reminder of the vulnerability, mortality and grief of people far from home. But it is in St John's Church, near the Kolkata High Court, where generations of British colonists worshipped, socialised, married and were mourned, that the ordinary and domestic life of the British comes most vividly to life. The walls of the interior are lined with memorials for dynasties of East India Company officials and soldiers, and the city's great mercantile elite. In the intimate atmosphere of this church, and possibly in St Andrew's Church on BBD Bagh, one can imagine the personal, every day world of the early Raj. Yet it was this small world of friendship and kinship which shaped so much of the commercial life of the city and India.

John Palmer's private life was so inextricably interwoven with his business career that it is often difficult to ascertain whether decisions were guided by personal or commercial considerations. Much of Palmer's correspondence deals with matters of friendship and intimacy as well as business. Comments on the price of opium sit beside queries about the health of spouse and offspring. Many of Palmer's commercial strategies were based on the careful manage-

ment of personal relationships and the projection of an image of compassion, trustworthiness and honour, and it is therefore perhaps unsurprising to see this blend of the homely and the hard-headed. It is important, however, not to dismiss Palmer's engagement in the affairs of friends and clients as mere self-interested posturing; this would be an oversimplification of motives which were never entirely clear, possibly even to him. To appreciate Palmer's private life and its role in his business affairs, it is necessary to investigate three particular aspects of it: his family life; his exercise of patronage on behalf of friends and business allies; and his special personal relationship with the Indian mercantile community.

John Palmer's family was the focus and principal motivation of his life, and his responsibilities for it stretched beyond his wife and children. In varying degrees, John found himself supporting an extended family in addition to his own formidably large brood. In the four years following his marriage in 1791, his union with Mary produced three children, successively Francis Charles (b 3 April 1792), Claudine (b 15 September 1793) and Mary Anne (b 11 December 1794).[1] Over the next twenty years, a further nine children were born, namely Charles, Henry, William, Sam, Anna, Sally, Fanny, Eliza Churchill (b 18 July 1810), Charlotte Brydges (b 20 December 1812) and Thomas (b 5 December 1815). Of these, only the birthdates of Eliza, Charlotte and Thomas are recorded.[2] Palmer's devotion to his family was particularly strong, and he proved if anything an excessively indulgent father, who spoilt and forgave the misdemeanours of his offspring too readily. One reason for this may have been Palmer's own childhood, disrupted by his parents' separation and his relocation with his father to India. Palmer rarely referred in his correspondence to his natural mother, though an early letter to her when he was in the navy was cited earlier. With more than a hint of bitterness, he recalled his infancy on St Kitts as 'cheerless', and one suspects that his large family in later life was, in some respects, compensation for these unhappy childhood years.[3] Certainly being packed off into the navy must also have been a lonely and traumatising experience. It was common for boys as young as the age of twelve to be enrolled as midshipmen, and the possibilities of abuse, bullying and physical danger must have compounded emotions of loneliness and homesickness. Certainly Palmer experienced the fear of battle at a very young age. Little wonder that the company of an apparently loving family was so thoroughly cherished later in life.

A major preoccupation was securing a good education for the children, and appropriately promising positions in society, either in India or at home. For children of both sexes, an education in Britain was regarded as absolutely essential, a tradition in Anglo-Indian colonial society which was to survive until the end of the empire. Palmer insisted that his daughters as well as sons should spend their formative childhood years in England, and he incurred great expense to ensure that they would emerge from the experience as ladies

of bearing and knowledge. In 1809, he rented 20 York Place, Portman Square in London, where his three daughters (Claudine, then aged sixteen, Mary Anne aged fifteen and probably Anna, aged eight) would be educated by a hired governess. They were to learn 'music, dancing, drawing, Italian and French masters and all the subordinate ones', and they were to have a carriage to take them about the capital. All this would cost, it was estimated, about £1,000 a year for the house and an additional £700 for the governess and the maintenance of the girls, 'who eat like farmers daughters, thank God'.[4] The aim was to prepare the girls for lucrative marriages. The governess was a Mrs Brydges, who so pleased Palmer initially that he named his daughter Charlotte after her.[5] Some of Palmer's male children also seem to have passed through her hands, notably William, Charles and Henry.

Palmer was eager to ensure that the children were well looked after and that he got value for money, so he asked various people of note in England to see his children regularly, and inform him of their progress. These included Charles Cockerell and Henry Trail in the London house, George Millet and Colonel Sweny Toone, both East India Company directors, and a host of other prominent figures.[6] Their reports, his children's letters and conversations with them when they occasionally visited India, alerted Palmer to serious shortcomings in Mrs Brydges' supervision of her charges. Palmer complained of Henry's and Anna's poor written English, and their lack of culture.[7] Then the bills began to arrive, which were vastly in excess of estimated costs. In January 1817, he grumbled that Mrs Brydges had imposed too opulent a lifestyle on his children, doubling the original projected cost of their education.[8] By April 1818, Palmer was fully apprised of Mrs Brydges' extravagance. He estimated that she had spent on average £4,000 a year since 1809. Between January 1815 and September 1817 alone, she spent £6,400 and ran up debts of £5,200. Her expenditure included the leasing of a house in Malvern in the Cotswolds, and exhausting tours of the country with Palmer's children in tow, even when one was dangerously ill.[9] It was apparently Hobhouse, Palmer's son-in law, then in England, who exposed the truth to the merchant prince. Neglect was added to the list of Brydges' sins. She even let them go hungry on occasion.[10] Unsurprisingly he took his remaining children out of her hands, in spite of the protests of Anna, who curiously defended her mentor.[11] Palmer would have none of it. He roundly condemned Brydges for the neglect of his children's education, including Anna's, warning his daughter never to mention her name again. The remaining children in her care were despatched to 'the consequent humiliations of a school'.

The episode demonstrated the strength of Palmer's emotional commitment to his children, and the extent to which he took his parental role seriously. It also revealed the huge financial burden of bringing up his children, and how little Palmer could lighten it. If anything, Palmer was even more worried about the education of his sons, who could not rely on marriage

alone to provide them with a comfortable and respectable life. Interestingly, Palmer was unattracted by the prospect of his sons seeking a career in the agency houses, probably because of the risks involved. Like many of his contemporaries, Palmer wanted his sons to build careers in the East India Company. The eldest Francis was the first to be sent to Hertford College (later Haileybury), the East India Company's training establishment, but he lost the opportunity for a writership because of bad behaviour, and had to enter the East India Company's military service instead.[12] Henry, William and Sam subsequently became Company writers in 1815, 1818 and 1822 respectively, Henry and Sam rising to modest ranks in the Stamp Office, and William eventually becoming a salt agent.[13] Charles followed his father into Palmer & Co., becoming a full partner in May 1823.[14] But the sad truth was that most if not all of his sons were expensive disappointments to their father.

Francis in particular was prone to reckless, delinquent behaviour. He drew money on his father's firm without permission.[15] In September 1809, after Francis joined the army, John Palmer begged Major Nuthall, his son's commanding officer to apply the strictest discipline.[16] It was to no avail. Less than three months later it emerged that Francis had again drawn money on his father's firm, this time for scandalous purposes. Ruefully, his father recorded that 'a common prostitute has been helped to 100Rs for a night's dalliance; and disease and pecuniary discredit have followed in its train'.[17] Palmer branded his son a liar and a hypocrite, capable of deceiving even Nuthall. Renewed efforts were made to discipline and reform the young man. Palmer's anger was expressed in long bitter silence and personal separation, but he could never quite bring himself to disown Frank completely. In August 1818, in spite of suspicions that his son had again been up to no good, Palmer revealed that he had used his influence with the Governor-General, Lord Hastings, to secure an appointment in the Quarter Master General's department. Palmer stressed that this had been achievable only because of Frank's apparent reform, and that the Governor-General himself had written to inform John of the promotion.[18] But Frank continued along his wayward path. Only a few weeks later, in a letter sent via Major Lucius O'Brien, a protégé of John Palmer, the father berated the son for failing to submit a monthly report to Colonel Paton, his superior officer. John warned sternly that if Frank continued in this vein, he would ask Lord Hastings to remove him from his new position.[19] Still Palmer tried to promote his son's fortunes. In October, he wrote to Major General Sir John Malcolm seeking a transfer for Frank from the Quarter Master's Department to the diplomatic service.[20] But by now, Palmer seems to have been trying to remove a potential source of embarrassment from his relationship with Lord Hastings. Grumbling again about Frank's profligacy and continued drawings on his father's purse, Palmer confided to O'Brien: 'how am I to look Lord Hastings in the face I know not. He will suppose I have conspired

to put a fraud upon him.'[21] Palmer told O'Brien that he was on the brink of disowning his son if he did not mend his ways.[22]

Yet a year later, the whole episode was replayed, this time on Mauritius, where Frank was now stationed. Again Frank had run up large debts of about Rs22,000, and again his father had to bale him out.[23] There were once more threats to disown this 'worthless scoundrel', and this time Palmer at last tried to be as good as his word. There was no further communication between father and son until early 1822, when an Indian *begum*, Hameedah Khanun wrote to Palmer seeking Frank. From the tone of John Palmer's reply, his son had sexually exploited Hameedah, and then deserted her. Palmer could offer only vague news of his whereabouts, whilst emphasising that he no longer had contact with his son.[24] Perhaps the bitter contrast between his son's disgraceful behaviour towards the young *begum*, and his father's loving relationship with his Indian stepmother added to John's pain. Briefly, Frank's elevation to the rank of Captain revived hope that all was not lost. In July 1825, Palmer offered to arrange for the repayment of Frank's debts, in the hope that he was now a reformed character. But only a year later, he estimated that Frank still owed at least Rs30,000, and that he had not honoured a promise to pay his debts to his father by regular instalments as agreed.[25] In March 1827, Palmer asked Cockerell, Trail & Co. in London to pay a legacy to Frank from an aunt to his own account, so that he could make sure that it went to settling his son's debts.[26] In June, Palmer again made an effort to rectify Frank's disordered affairs, by asking his commanding officer (this time a Major Roberts) to compel Frank to pay Rs400 per month towards settling what he owed.[27] Whether or not the scheme worked is doubtful, because father and son remained estranged for the rest of John Palmer's life.

While the other boys did not cause Palmer so much emotional pain and pecuniary loss, he could not hide his impatience with their progress. Henry, who revelled in his own sartorial elegance, was dismissed as vain and silly: 'an universal Dandycorn'.[28] He also came close to being disowned when he failed to return to his duties in Calcutta after a visit to Benares.[29] John regarded his son William as unintelligent, but he still used influence with Colonel Toone, the East India Company director, to secure a place at Haileybury. But Palmer soon had to apologise for William's idleness.[30] Charles Palmer, the only of his sons to join him in Palmer & Co., fared no better in his father's judgement. His preference for music over learning the business was something John Palmer could never understand.[31] In 1822 Charles lost some jewellery he was due to deliver to a J. Morgan on Singapore, and his father had to make good the loss.[32] When Charles was due back in India in 1823 to take up his partnership in Palmer & Co. after several years learning about the opium trade in Canton and Macao, John lamented that his son had 'made a regular mess of his interests'.[33] Almost as bad was the fact that he had married, without his father's permission or approval, the Roman Catholic, Portuguese daughter of

one J. de Deos de Castro of Macao.[34] Palmer was to be further infuriated by Charles' delay in returning to India to take up his position.[35]

While Palmer's daughters do not seem to have been the cause of so much personal heartache, they were still a source of perennial concern and great expense. Once they were educated, and had returned to India, there was the question of marriage, for unmarried daughters were expensive to maintain. In May 1813, Palmer grumbled that neither Claudine nor Mary Anne yet showed any inclination toward matrimony, and that his house was consequently overcrowded.[36] Marriage itself, however, was expensive and required a lucrative match. Mary Anne was the first to fall, marrying Henry Hobhouse on New Year's Day 1814. Henry was the son of Sir Benjamin Hobhouse (1757–1831), a wealthy brewer and MP; and brother of John Cam Hobhouse, the radical politician, and later Lord Broughton. In Palmer's eyes this was an ideal match. In contrast, Claudine settled for William Drury Kerr, a junior Bengal civil servant and son of Lord Lothian, whose status nonetheless failed to change Palmer's opinion that he was 'a silly fellow she would despise in a month'.[37] But Palmer's fierce opposition to the union had melted in 1815 when Claudine risked death from serious illness by refusing to return to England on doctor's orders because of her devotion to William. Such was Palmer's love for his daughter that he readily capitulated and gave his blessing to the marriage.[38] Tragically, William died young in 1817, leaving Palmer to support Claudine and her two sons.[39] The cost of this worried Palmer, especially when Claudine, who had long suffered from ill-health in India, decided to return to England with her children. In 1819, claiming that he could not support a separate household for his daughter, he asked the help of Lady Sandwich and Lord Lothian, both close relatives to Kerr.[40] Claudine did return to India and remarried in January 1822. But again, her husband, Captain Llewellyn Conroy of the Calcutta Native Militia, in spite of being well connected, did not entirely meet Palmer's approval.[41] The young captain also died, of cholera, in September 1825, leaving almost Rs29,000 of debts.[42] Claudine, and her brood of sons, which had now grown to four, had to return to England once more to be supported by the family of her first husband. Palmer could no longer afford to fulfil this role.[43] The other daughters' matches did not seem to inspire Palmer's distaste, but the additional expense of their marriages must have been deeply felt. In 1823, Fanny married a Mr Sargent, about whom little is known save that after Palmer's bankruptcy he provided food and shelter for Palmer.[44] In April 1825 Anna married Robert Castle Jenkins, a soldier who fought in the Anglo-Burmese war and then in 1827 joined Palmer & Co. as a clerk, just as it was entering its period of terminal difficulty.[45]

The financial costs of his children were heavy enough, but several other factors increased the burden of family responsibilities. Palmer provided for the children of his full brothers Sam and William, who died within a month of each other in 1814. He also undertook to pay the debts of William. Palmer

estimated that these alone would cost him Rs40,000.[46] From 1811, he paid £50 per year to meet the debt of his penniless father to a relative of a Mrs Eliza Hogan in Lambeth, London.[47] In 1820, he arranged the remittance of 1,000 dollars for the relief of a distressed relative on St Kitts in the West Indies.[48] Two years later, he promised to provide for his recently widowed sister-in-law, Mrs Captain Hampton, though he added that his difficult financial circumstances would limit how much he could give.[49] A year later, his nephew Basil Palmer in London, was provided with a small allowance until he could get employment.[50] Even when ruin was on the horizon, the financial demands of Palmer's extended family were relentless. In April 1829, he promised to provide £500 or £600 a year to support his son Sam's wife Fanny, who because of life-threatening illness was returning to live with her mother in Brussels.[51]

Another problem was that the Palmers lived in style, and not out of mere extravagance. Palmer's reputation as a merchant prince depended upon an ostentatiously opulent lifestyle. His home and other properties were used for lavish entertainments which would bring in business. William Prinsep noted famously that Palmer's:

> house was always open and a dinner table for nearly 20 always spread and nearly always filled. No stranger arrived there in Calcutta without dining there as a thing of course.[52]

As noted, clients or others of importance to Palmer were frequently accommodated, sometimes for extended periods of time. In 1809, a room was found for the young Mr Standley, who had fallen ill and needed to be nursed back to health.[53] Shortly after the children of a Major Weguilin were housed while they awaited a ship for England.[54] Sometimes guests were welcomed for longer periods, and this occasionally caused trouble. In May 1819, Sir Charles Cockerell sent to India a destitute orphan, Miss Ford, to seek a husband. The indebtedness of Palmer & Co. to Paxton, Cockerell & Trail compelled Palmer to take the girl in, but at the cost of serious domestic friction. Palmer's wife Mary objected to the girl's presence from the outset, not out of meanness or snobbery, but because for several years she had been suffering from severe depression. Mary Palmer's youngest child had died in infancy a few years earlier, and her son in law Kerr had followed him to the grave.[55] As a result Mary, John's wife, had long tried to retreat from company, a desire impossible to fulfil in the busy hub of social and commercial intercourse her home had become.[56] During the period that Miss Ford stayed with the Palmers, Sir William Rumbold and Sir John Gordon had also lived at the house, and Mary Palmer had simply refused to leave her room for much of their stay.[57] Even without guests, the house was already very overcrowded, since it sheltered Palmer's daughter Claudine and her two sons. Palmer subsequently had to refuse requests for accommodation from some eminent clients, because of his

wife's distress.[58] Miss Ford was passed from time to time to various friends to relieve the pressure, but nearly four years later, she still lived under Palmer's roof.[59] At that time, Palmer also had a Mr Belli, a recent arrival from England, staying with him. The emotional strain of this constant entertainment of clients and acquaintances was compounded by periodic illnesses in the family, some life threatening, which had to be coped with while guests shared the house. In 1813, Claudine and Eliza were both seriously ill for five or six weeks, with jaundice.[60] As seen, Claudine had another brush with death in 1815. In November 1819, Mrs Palmer nearly expired from cholera, and Palmer lived in constant fear that other members of the family would contract the disease.[61] Early in 1823, Fanny came close to death with a fever.[62] Clearly there were intangible, human costs and limits to the policy of opening Palmer's home as a social asset of the business.

There was also a massive financial cost to maintaining this wayward, extended family in a grand style to impress clients and the public. The house in particular had to be maintained to a standard befitting a merchant prince. Palmer left much of this to his wife, but frequently worried about the expense. In 1813, he grumbled that she had spent so much on refurnishing the house in the Lal Bazar, that swingeing economies had had to be made in entertaining and food.[63] Clearly expense was becoming a problem even at this time, when the financial affairs of the firm were reasonably buoyant. By the mid-1820s, when affairs took a turn for the worse, and the other partners sought to check Palmer's large drawings on the firm's resources to pay for his family, matters became even more difficult.[64] In 1823, Palmer had to turn down an opportunity to send his youngest daughters, Eliza and Charlotte, to a school run by a Mrs Russell, because it was too expensive.[65] In the same year he sold his palace in the Lal Bazaar to the government, relocating himself to another of his residences in Garden Reach, on the outskirts of the city.[66] In 1826 he told Trail in the London house to sell one of his houses in Huntingdon, England, much to his family's displeasure. In the same letter, Palmer urged Trail to restrain the spending of those of his family in England at this time.[67] Palmer's domestic and family commitments were thus a real burden on him and the firm, and they had another important consequence for the house and its commercial affairs. Palmer, like all the other agency house men, ultimately planned retirement to Britain, where his Indian fortune could buy a seat in the London house and the trappings of gentlemanly respectability. But his commitments to his family ultimately made this impossible. In 1810, he confidently estimated that retirement to England might be possible in 1814.[68] By December 1811, Palmer had put this back to the end of 1816, due to the cost of his family responsibilities.[69] But he had to tell Trail in November 1813 that it would be another five or six years because of his need to support 'the whole race and brood of Palmers'.[70] In 1822 he doubted if he would ever be sufficiently wealthy to retire comfortably to England, though survival would

be possible.[71] But as his financial problems mounted, it became increasingly impossible for even this to be accomplished. He told his friend George Harris in November 1828 that he was resigned to remaining in India for the rest of his days.[72] In this way, Palmer's family contributed to his ultimate financial destruction. Had their burden upon him been lighter, and had he been able to retire as planned, perhaps wiser heads in the firm would have averted the disaster of 1830.

Palmer also enjoyed a wide network of friends and acquaintances in Britain, and across India and the east. Some of these were deliberately cultivated for commercial motives, but it would be a gross oversimplification to see all of these as arising out of cold self-interest. More frequently they were the complex result of commercial calculation, the social etiquette of Anglo-Indian society which placed a high premium upon the exercise of patronage, and genuine personal affection. The young, poor and vulnerable particularly figured among those who received Palmer's assistance, and a mixture of compassion and the cultivation of a charitable self-image was the motive. For example, in 1809, Palmer took under his wing one Master Grant, a 14-year-old-boy left by his father in Calcutta to apply for the army. The boy had been abandoned, and made his way to Palmer's offices, where he was received and helped in his search for a job.[73] A few months later, Palmer interceded to defend the interests of a widow, Mrs Bevan, who was being pressed by an Indian creditor. Mrs Bevan's husband had died heavily in debt to Rajah Bahadur Sing, and the only assets he bequeathed were the contents of his library, which were insufficient to cover his debts. If buyers could be found, however, they might furnish Mrs Bevan and her child with enough to live on. Palmer not only persuaded the creditor to accept this arrangement, he also helped organise the auction of the books to raise the cash for Mrs Bevan.[74] In 1818 Palmer also represented the impoverished orphan Miss Patch of Behrampore in her application for money from the Orphan Fund.[75]

Palmer sometimes intervened more intensively in the affairs of clients, especially when they were close family friends. In 1823, Palmer tried to rectify the calamitous domestic circumstances of Captain John Carne, son of John Carne of Falmouth, who had been a friend of Palmer since his time in London between 1803 and 1806.[76] The life of this young East India Company army Captain was disintegrating. A hopeless alcoholic, Carne fled to Serampore (Dutch territory) in April 1822 to escape his creditors and a likely court martial. His four children were in England, with Henry Carne, Captain John's brother, to whom Palmer sent money for their subsistence.[77] Palmer pointedly refused to advance any more money to Captain John Carne himself.[78] The captain was separated from his Catholic wife, Teresa, for whom Palmer initially had the highest regard. Rumours later emerged however that she had committed adultery, and for a time Palmer severed correspondence with her.[79] But following the captain's death, Palmer relented, and not only advanced

money to help Mr and Mrs Carne's children in England, but also offered help to the penniless Mrs Carne herself.[80] Palmer had little to gain from this, and it is clear that he was genuinely concerned with the wellbeing of a family who had been lifelong friends. Such was Palmer's reputation for compassion that he was regularly inundated with requests for charity, not all of which he could satisfy. He grumbled to a friend in 1826 that he was 'an apologist for seven eighths of mankind, that being the proportion of distress pervading the world'.[81]

There is no doubt, however, that reciprocal self-interest drove much of Palmer's exercise of assistance and patronage. The need to provide security for his family was particularly important. Palmer's relationship with Sweny Toone, the East India Company director, involved frequent exchanges of favours. Toone supervised several of Palmer's sons while they were being trained as East India Company writers.[82] He also secured a writership for Palmer's son William.[83] In September 1818, Palmer promised to return the favour by seeking promotion for Toone's son, a soldier in India.[84] Palmer approached East India Company directors to help friends as well as family. In return for accommodating Toone's son, Hastings, in his house, Palmer asked Toone to help a Major W. Innes obtain a cadetcy for his son.[85] In September 1818, John Lumsden was asked to secure a position as surgeon for the son of Palmer's friend and client, John Hodges.[86] Five years later, Palmer lobbied his old friend W.T. Money, now an East India Company director, to help find a post in the Calcutta medical service for a H.K. Voysey.[87] Sir Charles Forbes was asked to find a cadetcy for Frederick Maitland, the 17-year-old son of P. Maitland, a former partner in Palmer & Co.[88] Sometimes genuine compassion, rather than obligation or self interest motivated these approaches, as in March 1823, when Palmer asked Money, Sir Charles Forbes and others to assist the orphaned children of General George Abbott, the late Postmaster-General.[89]

Palmer also traded the exercise of patronage with the London house, and other leading merchants in Britain or India, where mutual advantage could be obtained. Palmer eagerly responded to requests for help from Paxton, Cockerell & Trail, not least because of the large debt he owed the London firm. Thus in January 1811, Palmer promised to look after the son of a Mr Kennedy, who was a client of the London firm.[90] The extensive accommodation he granted to Miss Ford, was part of this system of exchanged patronage. Palmer frequently called upon Paxton, Cockerell & Trail to reciprocate. In February 1809, he asked them to try to place a Mr Finbars in the London stock exchange.[91] Within a few days, in early April 1826, Palmer asked Trail to help a Mrs Davies, the widow of a Lieutenant Colonel Barker, and to find a place in a London merchant house for the son of a Mrs Ward.[92] Of course, the two houses were not always able to accommodate the requests of the other. In July 1818, a Mr Goodlad and a Mr Napier turned up at Palmer's office

with letters of introduction from Trail, but Palmer was initially unable to help them find work in Calcutta. Subsequently Palmer was able to rectify this, his efforts having been redoubled on finding that Goodlad was also supported by the East India Company director Campbell Marjoribanks.[93] The expected reciprocity was laid bare in Palmer's letter to Marjoribanks. He asked the East India Company director to help secure a Company writership for his son, Sam. The London firm did not always deliver the assistance requested by Palmer. In March 1823, he grumbled at Paxton, Cockerell & Trail's failure to secure the accounts for Palmer & Co. of the new Governor-General, Lord Amherst, and the Commander-in-Chief of the army, Edward Paget.[94]

Palmer liked to help East India Company officials, or others in positions of power, especially in locations where he was trying to further his own commercial interests. For example, the growth of Palmer's commercial relationship with traders on Penang led to close links with people of influence on the island. These included Sir Edmond Stanley, the Recorder (senior judge) on the island appointed in April 1808.[95] Palmer supplied Stanley with furniture for the court house, unsuccessfully tried to recruit clerks in Calcutta for the Penang court, and even supplied clothes and a mail service for Stanley's wife.[96] Palmer was also well acquainted with W.E. Phillips, Secretary to the administration and briefly acting Governor. Later, he became a close ally of William Petrie, Governor of Penang from December 1812. Palmer even sought legal advice in Calcutta to help Petrie arrange his divorce.[97] Many years later, he also lobbied East India Company directors to secure the post of Governor for Phillips, on the death of Governor Bannerman in 1819.[98] There were good reasons for Palmer's strenuous efforts to establish himself in the favour of Penang administrators. Palmer & Co.'s involvement in the export of opium to south-east Asia, and other branches of trade with the region, necessitated close engagement with Penang's growing commercial community. They were not alone in developing such connections. As early as 1798, Fairlie, Gilmore & Co. of Calcutta (later Fairlie, Fergusson & Co.) was advancing advanced substantial sums to both British and Chinese pepper planters. They were particularly close to James Scott, the most powerful entrepreneur on the island, and supported his protests against the policies of Governor Forbes Ross Macdonald, who had judged that Scott enjoyed disproportionate influence on the island.[99] Fairlie's even lobbied the Governor-General in support of Scott and his friends.[100] Palmer therefore had a powerful rival in dealings on Penang, and Fairlie's firm took every chance to undermine him. For example, Palmer developed a close relationship with Captain James Douglas, a trader and entrepreneur who in 1808 had gone to Penang to make his fortune.[101] Almost immediately, Douglas was the target of a series of lawsuits from Fairlie and his acolyte James Carnegy, a prominent Penang merchant. These lawsuits referred to a debt Douglas owed to Carnegy, and Fairlie and Carnegy appear to have regarded it as an opportunity to

secure a property for which both Fairlie and Palmer had ambitions.[102] Palmer sought the help of Phillips and Stanley in the case.[103] Patronage and friendship were thus devices for securing allies in commercial disputes with other agency houses. Where his own qualities of liberality and sympathy could be contrasted with the ruthlessness of rivals, Palmer was keen to show himself as a true friend. In October 1811, on Fairlie's instructions, a Mr Cotton was imprisoned for debt to their house. Cotton was also a debtor of Palmer & Co., but while Fairlie took a hard line, Palmer paid off Cotton's debts with winnings from the Madras lottery.[104] The chance to promote his own reputation at the expense of one of his main rivals was too good to miss. Similarly, when the aged and sick J. Cartier of Dacca lost his indigo factories to the agency house of Joseph Barretto & Co. in 1822, Palmer was eager to provide legal advice and representation.[105]

Palmer specialised in providing avuncular advice and help for the young and those with families. He also supplied basic comforts or necessities to those in the mofussil who were far from the great presidencies. Much of this was motivated by good will or compassion, though often accompanied by moral judgement and interference in the personal lives of recipients. There were numerous cases of Palmer defending the interests of widows or orphans, frequently at considerable expense to himself. In 1813, when John Shaw, an important business contact died suddenly, Palmer agreed to support his family until alternative arrangements could be made.[106] In fact he continued to support them until April 1825.[107] Palmer's extraordinary efforts in 1819 to provide for the orphans of Charles Holloway, a deceased British officer on Padang have already been mentioned. But just as he had been quick to condemn the lifestyle of Captain Carne and his family whilst providing assistance, Palmer adopted a moralistic tone in his dealings with the young and the vulnerable. In 1823, a Miss Aberdein of Middlesex asked Palmer to direct his clients to the school she had just established. Palmer agreed, but could not resist criticising the inappropriate marriage of her sister to a tavern keeper in Serampore, a man who had been 'a menial servant some years ago'.[108] Such snobbishness was an unpleasant but probably inevitable product of an obsession with status. Palmer's interference in the personal lives of those dependent upon him was almost stifling at times. Mr V. Rees, an employee in the Surveyor-General's Office, had to seek the permission of John Palmer to marry a Miss Plusker, whose financial affairs Palmer controlled. Palmer assented, but only after Rees had secured an increase in salary.[109] This high-handed tone was sometimes adopted with older or more highly placed petitioners for help. Though a brother freemason, in 1822 Palmer refused to bale out Major P. Byres of Bombay, who was deeply in debt and suffering severe depression following the death of his wife. Urging Byres to 'learn to despise a dependence on all but yourself', he warned that the major's behaviour would result in his becoming a 'non entity in the world'.[110] Clearly for Palmer, assist-

ance to the helpless had to be accompanied with moral guidance, as befitted the paternalistic munificence of a merchant prince.

Palmer especially liked to patronise young men with promising careers in the East India Company. This was sometimes to please rich or influential relatives, but it was also to develop a cadre of rising East India Company officials and soldiers who owed their advancement to Palmer, and would provide him with useful inside intelligence and influence on matters of commercial importance. In 1813, for example, Lieutenant Colonel Nesbitt, an East India Company officer on Mauritius, was instructed by Palmer to persuade government officers to purchase supplies from Palmer & Co.[111] Palmer's use of East India Company contacts on Java to defend the firm's reputation was alluded to in a previous chapter.

The career of the East India Company army officer, Lucius O'Brien, provides some insight into how one such relationship was developed by Palmer. O'Brien entered the East India Company service as a cadet in 1794, joining the Bengal Light Cavalry a year later. In 1811 he was chosen to command a regiment of light cavalry as part of the invasion force of Java, where he built a substantial reputation as a soldier. Early in 1818, after being redeployed to India at the end of the British occupation of Java, O'Brien was appointed to run the administration of the newly acquired territory of Nagpur, central India, and was shortly thereafter earmarked by Lord Hastings for a senior position in the Residency in the Indian state of Hyderabad. By 1822, he had risen to the rank of Lieutenant Colonel in the Bengal Light Cavalry.[112] O'Brien's relationship with Palmer was close and beneficial to both parties. Palmer was in close contact with Lucius's father, Sir Edward O'Brien, in London, and organised financial transactions between father and son. In May 1813, he arranged for the son to draw £2,000 on his father, in the process allowing the father full insight into Lucius's financial affairs.[113] Just five months later Palmer asked O'Brien to help in dispelling the rumours on Java of Palmer & Co.'s financial demise, at the same time outlining to him the personal qualities of Lord Moira (soon to be Lord Hastings), the newly appointed Governor-General of India, as well as British policy in south-east Asia.[114] Several years later, O'Brien was his chosen medium for one of Palmer's periodic rebukes of his wayward eldest son, and also a chosen confidante for Palmer's expression of despair at the general fecklessness of his children.[115] In the same letter, Palmer revealed that he had been pressing John Adam in the Bengal government to promote O'Brien, though Adam indicated that there would be few opportunities in the near future. Palmer's relationship with O'Brien was thus a long and intimate one. Subsequent events suggested that others had labelled O'Brien as Palmer's creature. On 20 December 1822, O'Brien was at last appointed to the promised post of First Assistant to the Court of Hyderabad, a position of some importance in the Residency. At that time, the Hyderabad scandal was at its height, in which William Palmer & Co. were accused by the Resident, Sir

Charles Metcalfe, of making usurious loans to the Nizam. Metcalfe took the dramatic step of writing to Lord Hastings and several members of the Bengal Council, objecting to O'Brien's appointment. In these letters Metcalfe made it clear that there was no personal animosity between himself and O'Brien, but he refused to explain the basis of his complaint, asking for the Bengal administration to take his objection on trust.[116] It seems more than likely that Metcalfe was aware of O'Brien's close links with John Palmer who in Metcalfe's eyes was implicated in his half brother's financial misdeeds. Having a close acolyte of John Palmer in a position of such power and confidentiality would be simply unacceptable. Metcalfe did not wish to make claims which would, in practice, be difficult to prove, and this would account for his unwillingness to be explicit about the basis for his fears.

If friendship and the exercise of patronage among Europeans were important for Palmer's commercial strategies, they were possibly even more so in relationships with the Indian community. Indian merchants were not only a vital source of capital, they also understood the internal systems of trade and finance which existed in the sub-continent, which were sophisticated and extremely useful for Europeans as well as Indians. Indian merchants operated their own system of bills of exchange, the *hundi*, by which large amounts of capital could be transferred across south Asia, without the risk and expense involved in transporting bullion. Mercantile communities in such cities as Benares, were adept at using their contacts across north India to facilitate trans-continental movements of capital.[117] It was therefore essential that the British agency houses were able to avail themselves of this device, and this was the reason why all the houses employed an Indian *banian*, or merchant. The *banian*'s status within the house was not defined; he was not regarded as a full and equal partner in the way the Europeans were, but neither was he a mere employee. It was expected, and even encouraged, that he would maintain his own separate commercial activities in tandem with his role in the house. The intelligence and contacts which he developed through such private business were regarded as useful assets which he could bring to the firm. Sometimes a firm had several *banian*s, and usually all the houses employed Indian as well as European staff. John Palmer & Co. enjoyed a unique reputation as the agency house with the closest links and strongest reputation in the Indian mercantile community. How did Palmer come to achieve this position of advantage? How did his relationship with Indians evolve in the changing climate of Anglo-Indian relations of the early nineteenth century?

British attitudes and interactions with Indians changed significantly during the first half of the nineteenth century. While the British always perceived Indian culture and customs as inferior to their own, for much of the eighteenth century intellectual curiosity and the need for the small number of Europeans to interact extensively with Indians curbed excessive emphasis upon western superiority. Some entertained a strong fascination with, and admiration for,

India's ancient culture, as exemplified in the work of such men as Nathaniel Halhed and William Jones.[118] Such sympathetic attitudes were mirrored in official policy, especially under Governor-General Warren Hastings (1774–1784), whose enthusiasm and enduring affection for Indian culture led him to attempt the governance of India through its own institutions and customs.[119] Several recent accounts have sketched out just how close Anglo-Indian social relations were at the end of the eighteenth century, and how important they were for British rule. Dalrymple's *White Mughals*, which traces the love affair between James Achilles Kirkpatrick, British Resident at Hyderabad, and Khair Un Nissa, a Muslim noblewoman, vividly portrays an India in which relations between British and Indian people could be close and sophisticated, in which a desire to understand and appreciate the culture of the other, could overcome prejudice and fear.[120] Intermarriage, or concubinage with Indian *bibi*s, was a powerful agent for cultural contact, and historians have noted that such relationships often constituted a vital source of intelligence for the British authorities during this period of turbulence and imperial expansion.[121] Even the household furnishings of the wealthy Europeans displayed a distinct Mughal influence.[122] European and Indian men socialised with each other, attended *nautches* (Indian dance performances) together, and some Europeans even adopted Indian dress. E. M Collingham has argued that this earlier period of British rule was characterised by a willingness to embrace India physically; including its dress, food and social customs. This, amongst other things, was the best way to stay healthy in the alien tropical environment of the sub-continent.[123] Much of this new work contradicts the assertions of such 'post-colonial' theorists as Edward Said, that the west and westerners were universally and irredeemably contemptuous of orientals and their way of life.[124]

However, at the end of the eighteenth century, the rise of evangelical Christianity in Britain began to influence the attitudes and ideas of a new generation of East India Company leaders, not least Charles Grant, who, as a director and very influential chairman from the 1790s, argued for extensive missionary work to convert the 'depraved' Indians to the true word.[125] Collingham describes how such attitudes quickly inflamed Anglo-Indian relations, as Britons retreated from social contact with Indians, Indian dress and even Indian food, into a laager of Britishness. She demonstrates that this trend was strengthened by the resurgence of devout forms of Hinduism under the Bengal renaissance, which shunned contact with 'unclean' westerners at table and in a range of social contexts. Even in Calcutta, where interaction between Indians and Europeans was a necessary fact of life, a new trend towards European separation was becoming evident. Peter Marshall notes that those of mixed parentage, known as Eurasians, suffered particularly as a result of rejection by both communities.[126] During the first three decades of the nineteenth century, a note of contempt in European commentaries on Indians became louder. In 1817, a retired British officer who had served in Bengal called for

young British ladies to venture east in order to end male 'intercourse with the native females of India'.[127] European newspapers in India focused upon the practice of *sati* (the burning of widows) as evidence of the barbarism of Hindu culture, and the pressing need for the assertion of western law and values.[128] European observers increasingly commented upon the hostility with which Europeans treated Indians in everyday life. Maria Graham, a visitor to Calcutta and Madras in 1810, lamented the social gulf between her countrymen and Indians which prevented her from getting to know the natives.[129] Mrs Elizabeth Fenton, who visited India in the 1820s, actively shared the new distaste for Indians. She expressed disgust at physical contact with Indians, and described her feelings of revulsion at the oil they wore and the food they ate.[130] Mrs Monkland, another visitor to India in the 1820s, commented upon the universal British condemnation of *sati*, and the 'money-loving' character of Hindus.[131] In the 1830s, Frederick Shore noted the European tendency to see Indians: 'as a set of childish simpletons', who had become the butt of racist jokes.[132] His views were echoed by a correspondent to *Alexander's East India Magazine* in 1835, who compared the more egalitarian Anglo-Indian relations which had existed in the late eighteenth century with the open contempt shown to many Indians thirty or so years later. The writer blamed the progressive exclusion of Indians from government, a process which had begun at the time of Lord Cornwallis.[133] Even John Palmer himself commented upon the deterioration of British attitudes towards Indians.[134]

In this context of deepening Anglo-Indian enmity, John Palmer's close relationship with the Indian mercantile community had to be carefully managed. A key figure in the firm was undoubtedly the *banian* Roggorram Gosain. Prinsep commented upon the high regard in which Roggorram Gosain was held generally, and his very close friendship with John Palmer. The *banian* was:

> … a high caste Hindoo and one of the noblest men I ever met with in my life. His devotion to John Palmer was quite equal to any that he held for the whole phalanx of Hindoo mythology. No man among the native gentleman was ever held in higher esteem for perfect probity and truthfulness.[135]

Prinsep noted that Roggorram Gosain took a share of the profits on the basis of a fixed tariff of long standing, though he was not officially a partner in the same sense as the Europeans. Palmer himself seems to have moved with ease through Indian society, securing for his firm numerous advantages. Palmer's Anglo-Indian family connections undoubtedly contributed to this, for Palmer was in many ways a product of the older colonial social custom of inter-racial contact. He readily applied the same principles of patronage to Indian as well as European clients, constituents and friends. One such Indian with whom Palmer enjoyed a close relationship was Ramchunder (Ramsoonder) Mitter, a prominent Indian merchant. At the time of Palmer & Co.'s failure, Mitter

was owed Rs78,369 by the firm, and seems to have been a regular source of capital for Palmer & Co.[136] In September 1818 Palmer had honoured this longstanding friendship by helping Ramchunder's friend obtain employment in the Custom Office at Murshidabad.[137] Another protégé was Janoky Doolet Tagore, who was almost certainly related to Dwarkanath Tagore, a *zamindar* and emerging Indian entrepreneur, and influential member of the Bengali *bhadralok* (educated middle class).[138] In 1823, Palmer sent a young man, Jaunheran Tavory Pundit of Bihar with a letter of introduction to Mordaunt Ricketts, Resident at Lucknow, recommending him for employment.[139] A year later, Palmer recommended Janoky Doolet Tagore to Henry Lane for employment, commending the young man's 'honesty and diligence'.[140]

Palmer was particularly keen to find positions with his East India Company constituents for promising and prominent Indians. Sir Charles D'Oyly, the opium agent of Bihar, approached Palmer in 1825 for help in appointing a new *diwan* (financial adviser). Palmer recommended one Goodrass, a middle aged Indian, whose good character, wealth and connections compensated for his lack of knowledge of the opium trade.[141] In February 1829, Palmer suggested to James Money, Commercial Resident at Cossimbazar, that he take as his *diwan* Hurropan Mustofy, the *zamindar* of Amerepore. Palmer and Hurropan were certainly close, and Palmer affectionately referred to him as his 'fat friend'.[142] Also in 1829, Palmer recommended Ramrutton Roy, the young son of Ramnarain Roy, an old friend and business acquaintance, to R.W. Maxwell for an official appointment in Jessore.[143] Palmer assisted Indians with other problems. When in 1827 a friend of his father's, Naval Ally Khan, became embroiled in a legal dispute with the firm of McClintock, Morton & Co., Palmer offered to mediate.[144] In the same year, he also offered to help Babu Rajkishore Sen of Serampore, who was in serious financial trouble with his creditors.[145] Two years later, Palmer threw his weight behind the family of Bisumbher Pundit, a deceased Benares *zamindar* and personal friend of the late Warren Hastings, whose right to inherit the *zamindari* had been legally challenged by the East India Company. Warren Hastings had originally awarded the *jagir* (legal right to collect revenues), but had failed to notify the East India Company in London, and as a consequence the Company was now claiming that the land rights should revert to them.[146] This willingness to help Indians arose in part from a higher regard for Indians as constituents than Europeans. In February 1827, he told his friend Robert Grant, that 'we suffer more in our transactions with the whites than with the blacks'.[147]

Benevolence towards Indians did not always spring from self-interest. On a visit to Penang in the early 1820s, he encountered Din Mahomed, the coach driver of Governor W.E. Phillips. Twenty years earlier, as a child of eight, Din Mahomed had been convicted for his involvement in a robbery and murder, and transported to Penang for life. So impressed was he by the young man's reform, that Palmer approached J. Harington, a judge at Jessore, for details

of Din Mahomed's case, with a view to approaching the Governor-General for a pardon.[148] Although Harington was unable to help, the episode reveals that Palmer's compassion could reach the poorest Indian.[149] Within the firm, Palmer strictly forbade the mistreatment of Indians. In 1826 he dismissed one European employee, Thomas Munshaw, for striking an Indian clerk. Though he later reversed the dismissal, Palmer made it plain that he would not tolerate violent conduct towards Indian employees.[150] This extended even to the most menial labourer. When one of the firm's salt workers on Saugor island complained that he had been beaten, Palmer warned the European supervisor, Mr Rees, that there was to be no repeat of the incident.[151] Palmer was also keen to help the offspring of inter-racial liaisons, a particularly vulnerable group. Eurasian orphans (as they were known) particularly moved him, as he told the Reverend Forsyth of Chinsura, with whom Palmer had placed such a child by the name of Peter to be educated.[152] In 1825, Palmer also arranged for the education in dance and music of the Eurasian daughter of a Mr Clubley, to improve her marital prospects.[153] Palmer saw himself as the defender of Indians of all classes and backgrounds, but especially those of material standing. In April 1829, Palmer complained bitterly about the deteriorating circumstances of the Indian *zamindar*s and their treatment by the British, and the negative response of officialdom to his demands for improvements.[154]

Just as Palmer's assistance to Europeans was influenced by the status of the individuals concerned, so also was he conscious of the standing of his Indian friends. Many of those who received his help were *zamindar*s, local landed officials with wealth and status. Their funds were a crucial source of capital for Palmer & Co. For example, Rajah Luckeynarain Roy, *zamindar* of Tumlook, lent Rs25,000 to the house in August 1829, at 10 per cent interest per annum, only to see it lost in the failure of January 1830.[155] Prominent Indians such as Ram Mohun Roy, the Indian political and religious leader, were carefully cultivated by Palmer. In 1818, he sent Roy a flattering review of his career which had appeared in the American press.[156] Four years later, he agreed to be a trustee of the Unitarian Society founded by Ram Mohun Roy, and to donate cash for the purchase of land for a church.[157] Palmer even asked Roy to mediate between Palmer & Co. and the representative of one Tilluchunder Banerjee who had defrauded the firm.[158] As an executor for the will of Major General Claude Martin, the French soldier who served the East India Company in Lucknow until his death in 1800, one Sally Begum, was made his ward. Her Eurasian daughter by a Mr George Simpson was betrothed to the heir apparent of Awadh, a match which Palmer seems to have helped arrange.[159] The sons of dead maharajahs were sent personal condolences by John Palmer.[160] At least one *nawab* (ruler or viceroy of an Indian state), Khadim Hossain Khan, invested heavily in Palmer & Co., losing heavily as a result.[161] Just a few months earlier, Palmer had represented the nawab in a dispute with

Colvin & Co., and had organised a personal meeting between the two sides at Palmer & Co.'s office in Calcutta.[162] At about the same time, Palmer asked the prominent Calcutta lawyer R. Cutlar Ferguson to represent two eminent Indians, one in a dispute over a piece of land for which the Indian concerned had paid Rs500,000 (approximately £50,000), and the other the heir of the Raja of Jaipur.[163] Palmer & Co. also lent money to the Raja of Benares. When Palmer & Co. failed, he owed the firm nearly Rs9,000.[164] Another Indian former minister by the name of Hakim also ran up a large debt to the firm.[165] Being a merchant prince seems to have involved frequent social and commercial intercourse with real ones.

Palmer & Co.'s boast in 1827 that they among the agency houses enjoyed the closest relationship with the Indian community therefore had real foundation. In fact, the firm was heavily dependent upon Indian goodwill and commercial support. Many of Palmer's indigo clients relied upon loans from Indian moneylenders as well as from the European firm. Palmer was always keen to warn the indigo men of excessive borrowing from Indians, because of the high rates of interest which they charged.[166] But the reality was that monies from this source were often essential to keep the indigo producers afloat, and sustain the prospect of repayment of their debts to Palmer & Co. Sometimes Palmer even welcomed the intervention of irate Indian creditors pursuing debt repayment as a way of improving the efficiency of the indigo plantations and factories. In 1822, Gervais Robinson, the indigo producer, ran up huge debts to Indian bankers in Benares, who took command of the running of the business to ensure that they were repaid. Palmer thoroughly approved, and told Robinson to comply.[167] A year later, he advised Robinson that for as long as he owed the bankers money, they would require him to 'jog on', regardless of any plans Robinson might have for retirement.[168] In the late 1820s, when money was scarce, Palmer cast aside his policy of advising caution to indigo producers in their dealings with Indian moneylenders. In May 1825 he asked W.A. Brooke and F. Hasted, European indigo planters and clients of Palmer, to advise his other indigo clients in the Benares, Juanpore and Mirzapore districts to borrow from local *shroffs* to meet their requirements, as Palmer & Co. were short of funds. Palmer & Co. would underwrite these borrowings and repay them at the end of the season.[169] In the same year, Palmer, who was in the process of trying to raise a loan in India for the Dutch government of the East Indies, approached bankers in Benares and Lucknow to supply funds for this, though they were unable to comply.[170] By 1828, Palmer was asking his friend Robert Grant in Cawnpore to approach 'opulent' Indians to advance money to Palmer & Co. to help it cope with the heavy drain upon its resources which had been going on for the previous two or three years.[171] Clearly Palmer's connections with wealthy Indians were vital for the success and survival of the firm.

But Palmer's celebrated ease with the Indian community and his cham-

pioning of their interests became increasingly problematic as Anglo-Indian relations deteriorated during the early nineteenth century. Palmer was forced to tailor his comments about the Indian community and other ethnic groups to meet the prejudices of European constituents and clients. Sometimes Palmer expressed sentiments which were deeply contemptuous and unashamedly racist. Frustrated at his inability to secure adequate supplies of raw cotton from Indian merchants in 1809, Palmer raged at the incompetence and dishonesty of Indians to his friend Robert Grant, claiming that he could:

> scarcely remember one single instance of good faith in Blackey since I have been in business – as they never deliver the goods they sell anything like the musters they produce, and one is always sure to be the worse off both for the bargain and the dispute[172]

Palmer grumbled of the 'greediness of gain' which characterised Indian indigo producers.[173] In 1821 he complained that Indian opium producers deliberately adulterated the crop.[174] European clients, especially young ones, were warned of the avarice of the *shroffs*.[175] There was undoubtedly an element of playing to the racist beliefs of his correspondents here, of confirming that, in spite of his Indian family connections, he remained one of them, a loyal Briton, white and Christian in thought and deed. When Palmer's half brother, William Palmer, became embroiled in the Hyderabad scandal in the 1820s, it became especially important for John Palmer to assert that his primary loyalty was to the imperial project and the white race. Whilst he continued to defend Indians in the face of harsher and more racist European opinion, Palmer came to accept criticisms of Indian culture. On *sati*, and on other Indian customs unpalatable to European opinion, Palmer increasingly contended that Indians were susceptible to Christian reform and westernisation, as a cure for the acknowledged moral failings of their religion and culture. Education would render the Indian capable of acceptance into European colonial society.[176] Palmer's association with westernised Indian reformers like Ram Mohun Roy formed part of this strategy, as did his championing of western education for Indians of higher social status. In 1829, Palmer extolled the virtues of a school for Indians he had recently visited, which had been run by one Jugmohun Bose for the previous thirty-five years. Palmer noted that it produced clerks skilled in English and arithmetic for all the major public and commercial organisations in Calcutta. This and other schools had been established which deliberately inculcated British culture, attitudes and values.[177]

It would be wrong however, to attribute Palmer's criticism of Indians solely to his need to conform to the progressively racist and segregationist expectations of European colonial society. Like many contemporaries, Palmer came to think in racial stereotypes, as is evident from his comments on the societies of south-east Asia, encountered through his various business trips to the region. Following his shipwreck off Borneo in 1812, and his rescue by the

local Sultan of Pontianak, Palmer formed a strong view that the Malays were 'savage and rapacious' by nature, and required firm governance from their rulers, supported if necessary by British power.[178] In contrast, the Chinese were industrious and productive, and in 1823 he strongly advocated that they be encouraged to settle in Ceylon, where they could develop plantation agriculture.[179] While Palmer hesitated to offer such stereotypical judgements of Indians, there were limits to his belief in Anglo-Indian integration. He opposed intermarriage, especially for members of high status white families. When in 1813 the nephew of Sir Charles Mallet wanted to marry a Eurasian girl, Palmer tried to persuade the Governor-General to forbid the union on the grounds that she was 'as black as coal and utterly uneducated'.[180] Indians who too enthusiastically embraced western culture, also met with Palmer's disapproval. In 1818, he recommended his friend Bundeh Ali Khan for employment to N. Macleod of Patna, but was deeply critical of his attempt to adopt the manners of a western gentleman.[181] Palmer even told his half brother, William Palmer, that he should send his Eurasian daughter to England for education only if she was fair skinned.[182] Similar advice was also offered to Warren Hastings in respect of one of the three Eurasian orphans of Julius Imhoff, the stepson of Warren Hastings who died in 1799. The three boys, William, Charles and John were left in the care of Palmer, who recommended that while William and Charles were sufficiently light-skinned for education in England, John was too dark to be accepted. John subsequently died in 1802. Although Palmer later assisted William Imhoff (by then known as Fitzjulius Imhoff) as a young man on his return to India, Palmer's discrimination between the children on grounds of racial appearance was blatant.[183]

Palmer's relationship with Indians, and the views he expressed about them, were therefore shaped by the racist assumptions which were becoming increasingly popular among Europeans, and his need to convey an image of respectability befitting a 'prince of merchants'. The vital importance of connections with Indians to Palmer's business meant that Palmer felt obliged to defend Indians to some degree in face of the increasingly contemptuous attitudes of European colonial society. But the equally pressing need to retain the favour of European constituents and clients meant that he had to become more critical in his own assessments of Indian behaviour. In many respects he and the other agency house merchants were among the last Europeans to maintain bonds of friendship and mutual interest with Indians at a time of deepening racial division. As will be seen, the failure of the houses between 1830 and 1834, therefore had ominous consequences for Anglo-Indian relations.

Ultimately, in spite of the global reach of its operations, and the complexity and diversity of its commercial interests, Palmer & Co. depended upon personal relationships between John Palmer and associates of varying social and ethnic origin and status. This was an intimate world, in which the eighteenth-century social norms of paternalism and patronage had to be strictly observed, even

if this involved decisions which entailed risk or loss in some circumstances. Palmer's ability to attract depositors, and to open investment opportunities, depended upon his carefully cultivated image as a caring, compassionate as well as trustworthy and competent entrepreneur. Palmer's constructed identity as a 'merchant prince' was central to his success, and this could only be maintained by the diligent personal cultivation of allies and friends across the east and the world. Even family life and needs impinged upon business decisions and outcomes. In this respect, the boundary between the intimate and personal on the one hand, and the public and the commercial on the other, was frequently so blurred as to be practically non-existent.

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1. View of the Loll Bazaar opposite the house of John Palmer, by J.B. Fraser, c1825–26

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2. Portrait of John Palmer

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3. Major William Palmer with his second wife and children – by J. Zoffany (c mid 1780s)

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4. The bust of John Palmer, Calcutta Town Hall

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5. The bust of John Palmer: inscription

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6. The bust of John Palmer: full view

Five

JOHN PALMER AND THE POLITICS OF THE EAST INDIA COMPANY

AS THE richest East India merchant, John Palmer inevitably became embroiled in political questions about the East India Company, commercial policy and the expansion of Britain's eastern empire. His informal title of 'prince of merchants' implied political influence as well as wealth. Certainly historians of British imperialism in the east have readily accepted that Palmer was a major player in determining policy. Both Tarling and Gibson Hill note his personal sway over leading men in high office in India, and his consequent ability to influence the direction of British diplomacy in south-east Asia.[1] Yazdani stresses Palmer's ability to shape policy in India and to some extent in London, particularly through his close relationship with Lord Hastings, the Governor-General from 1814 until 1823.[2] Tripathi, the leading authority on the Calcutta agency houses, also notes Palmer's influence in Government House in Calcutta, and attributes this to the fact that from 1813 Palmer & Co. was by far the largest of the Calcutta agency houses.[3] These observations, though valid, were largely based upon consideration of Palmer's activities in specific theatres of British policy, particularly the Malay archipelago, and the state of Hyderabad. A more comprehensive assessment of Palmer's political role in the eastern empire is long overdue. The themes to be explored in this chapter include Palmer's own political philosophy and objectives; the means and methods by which he was able to exert political influence, and their limitations; and the reasons why his ability to secure political objectives fluctuated during the course of his career. Several areas of British policy were of particular concern to John Palmer, and examination of these provides crucial insights into how Palmer operated, and the complexity of his interests. These include British policy in south-east Asia in the period leading to the treaty of London with the Dutch of 1824, which divided the region into separate spheres of influence; the Hyderabad scandal of the 1820s; and the question of the Indian administration's policy towards the press. Other key issues, notably

Palmer's attitude to the Charter Act of 1813, relations with foreign powers such as the USA, the problem of opium smuggling to China, also need to be addressed.

Wurtzburg's and Gibson-Hill's contention that Palmer varied his comments to suit the prejudices of his correspondents is an important caveat when extracting Palmer's political views from his letters to others.[4] Yet this tendency itself is an important clue to his political instincts. In essence, Palmer was a pragmatist, a man of relatively few strong political convictions, who tended to move with the flow of opinion in order to protect his interests. Even on questions quite close to his heart he was prepared to trim, in order to avoid the expression of suspect opinions. This was one reason for his adoption of the racist rhetoric which was becoming the norm during the early nineteenth century, even while he was actively defending Indian interests. Nonetheless, Palmer's repetition of certain opinions to a variety of correspondents suggests that a core of key beliefs lay beneath this veneer of calculated respectability. In particular, Palmer combined a belief in imperial expansion with a commitment to the idea of free trade. On a number of occasions, Palmer set out his support for the full incorporation of India into the British empire. In August 1818, he told Toone, the East India Company director, of his support for Lord Hastings' expansionist policies in India and Nepal, arguing that 'the fruits of it will be soon and permanently reaped by the nation'.[5] Another East India Company director, and former agency house partner in Bombay, Charles Forbes, was offered a more detailed rationale of Palmer's support for Hastings' aggressive imperialism. The incessant wars between the Indian states had brought chaos, misery and the 'desolation of the soil' of India. The establishment of the British as 'the dictator and arbiter of the fate of India' was necessary to remedy these ills. Palmer believed that most Indians were beginning to share this view. Moreover, British rule offered a solution to the East India Company's financial problems. The revenues from newly acquired territories would cover the costs of conquest and rule, and help the Company to meet its financial obligations at home.[6] 'I trust to see a great revenue acquired from these fine countries which we allot ourselves', Palmer wrote to his friend Charles Assey in London.[7] During the Burmese conflict of 1824–1826, Palmer wanted the acquisition of territory to pay for the war, and hoped that 'we shall put their forests under perpetual contribution'.[8]

Palmer's justification of British imperialism has echoes in recent explanations of British expansion in India offered by such historians as C.A. Bayly. Bayly contends that it was the need for new revenues to pay for imperial administration and the financial obligations of the East India Company which drove the British forward.[9] This warlike trend was strengthened by the overwhelmingly militaristic culture of the Company, which in the late eighteenth century was rapidly evolving from being a predominantly commercial organisation into one of conquest and governance.[10] But Palmer believed that the imposi-

tion of British rule would benefit the conquered as well as the conquerors. He was convinced that the inculcation of western values and education, and the promotion of civil and close relations between the European and Indian communities, particularly in commerce, would win the consent of the people of India for British rule. No doubt Palmer's particular support for Lord Hastings' policies stemmed from his close relationship with the Governor-General, but his views on the nature of government did not slavishly follow those of his aristocratic ally. Palmer's beliefs about the role of the state were shaped by the unfolding of recent dramatic global events, particularly the French revolution and the Napoleonic wars. He was convinced that these had demonstrated shortcomings in the political systems which had prevailed in Europe in the eighteenth century, and that reform was essential. In 1810, he believed that without it nothing would be able to 'resist the desolating arm of Bonaparte'. Reform also needed to be extended to the government of India, though it remained, even in its imperfect state, superior in the minds of Indians to the 'impressions of Mahomedan devastation, rapine and brutality' of the old Mughal regime and its successor states.[11] He was critical of what he saw as excessive bureaucracy in parts of the eastern empire, especially in places like Penang where the size of the administration had pushed up costs and taxes.[12] Palmer also played a leading role in resisting the Stamp Tax during the late 1820s, which he saw as stifling enterprise.[13] In this respect, Palmer seems to have imbibed some of the ideas about the excessive burdens of 'big government' which had gained popularity since Adam Smith's *Wealth of Nations* had been published in the 1770s. He was keen also that government in India be made accountable to public opinion, particularly the views of the mercantile community. As proprietor of the *The Calcutta Journal* he stalwartly defended the idea of a free press in India.[14] There were, however, profound and irresolvable tensions between his attraction to modern 'laissez-faire' ideas, and his commitment to the imperial project in the east, with all its militaristic overtones. Military conquest was, after all, the ultimate form of state interventionism, and one which demanded substantial public expenditure, and potentially burdensome taxes. Nonetheless, the martial environment in which Palmer had grown up and still lived, exercised a decisive and enduring sway over his views. 'I apprehend it may be universally admitted that in every colony supreme authority is most salutary in a soldiers hands', he told Toone in 1825.[15]

But in one area, Palmer embraced fully the new thinking about economics and politics. He rejected completely the protectionist, mercantilist philosophy of the eighteenth century, which was still entrenched in the directorate and bureaucracy of the East India Company. Palmer was a staunch advocate of free trade. In the debate about the renewal of the East India Company's monopoly of trade with India before 1813, he made his support for the liberalisation of trade, together with a diminution of the Company's privileges,

abundantly clear to the London house.[16] Palmer was also hostile to the Company's monopoly of trade with China. Palmer grumbled at the conservatism of the Act of 1813, and the anomalies it produced. In May 1814, he complained that the new Charter still restricted trading activities at the Cape of Good Hope.[17] He was also concerned that the Charter was unclear on whether or not Indian built shipping was to be allowed free access to British ports on an equal footing with British vessels.[18] Wherever possible, Palmer argued for the removal of barriers to trade in the east. In 1811, he warmly welcomed the reduction of duties on trade with Ceylon, arguing that a similar policy should be imposed throughout the east.[19] He was critical of what he saw as Thomas Stamford Raffles' attempts to impose monopolistic restrictions on trade during his governorship of Java between 1811 and 1815.[20] He applauded, however, Raffles' efforts to extinguish piracy and create an ordered and peaceful environment for commerce.[21] Palmer was eager also to support indigenous rulers who could combine strength and a commitment to open commerce.

During his period as the guest of the Sultan of Pontianak on Borneo following his shipwreck in 1812, Palmer became convinced that the Sultan possessed the personal qualities and mindset to create a secure and ordered region of Borneo, which would be open to European commerce. Within days of returning to Calcutta, Palmer promised that he would advise the East India Company authorities to support the Sultan, and supply him with arms. Palmer almost appointed himself as an unofficial adviser, and set out what he saw as an essential programme for the Sultan's government:

> I lament very much that I am not able to write or speak Malays, for could I have talked familiarly when at Pontianak; or write freely to you now, I would entreat you to put another hand to the welfare of your people, and the prosperity and reputation of your country by recommending the adoption of many regulations by which you might ensure those objects. To establish good laws for the security of property and the persons of your subjects, to give any possible facility to agriculture and commerce, by lessening or even abolishing the duties; encouraging internal and external trade, and foreign merchants to come among you. Good and sensible men should be appointed to settle disputes and render justice between man and man; you yourself should preside over proceedings and relax or urge the rigor and promptness of their decisions for the good of all[22]

So committed was Palmer to his new friend, that he even arranged for the education of the Sultan's son in Calcutta. He reiterated his advice on strong government, the protection of private property and a permissive attitude towards free trade, as a way to strengthen Pontianak at the expense of its neighbours.[23] Palmer was as good as his word in his promise to lobby for British support. He approached Lord Minto, the then Governor-General, and also William Petrie, who both agreed that it would be sound policy to cultivate a close relationship with the Sultan.[24] But Palmer became frustrated with

Raffles, who seems to have been much more circumspect in his attitude to the Sultan. He was particularly concerned by Raffles' attempts to establish a series of treaties with local chiefs on Borneo, designed to regulate commerce and establish order on the island. This had even involved a skirmish with pirates in the territory of Sambas.[25] When in 1813 Raffles managed to install a British Commercial Resident at Pontianak, Palmer feared and suspected that Raffles was trying to establish an East India Company monopoly over commerce with Borneo.[26] Ultimately, Raffles' plan to establish a string of treaties across south-east Asia to ensure that the British would control trade with them, even after the probable return of Java and the Moluccas to the Dutch, was over-ruled by the East India Company authorities in London. It was abandoned completely with the return of those colonies at the end of the Napoleonic wars. But the episode clearly demonstrated Palmer's almost evangelical advocacy of free trade.

While Palmer was zealously in favour of conquering India, and asserting British power in south-east Asia to create opportunities for British commerce, his attitude to Britain's imperial rivals was frequently much more ambivalent. He certainly supported and profited from the British decision to seize French possessions such as Mauritius, and Dutch colonies such as Java, as part of the global strategy against Napoleon.[27] But as the head of a global business, with important trading interests and connections in the USA and the Dutch East Indies, Palmer could not afford to succumb blindly to aggressive chauvinism. He was deeply worried by the outbreak of the British-American war of 1812, which dragged on until 1815, and the deleterious effects this might have on commerce.[28] He certainly did not allow it to interfere with his own commercial relations with American merchants. Palmer befriended the eminent Bostonian merchant, Henry Lee, who stayed in Calcutta for a year in 1812/13. During this time, Palmer dealt with correspondence from Lee's wife and partners, when the American was out of town on business.[29] Palmer openly condemned what he saw as the 'senseless war with America'.[30] In respect of the Dutch in south-east Asia, Palmer's own interests made his stance on British policy towards them, following the return of their possessions in 1816, even more complex. Pragmatism was a powerful factor in this aspect of Palmer's political philosophy, as it was in others.

Palmer used a variety of means to assert political influence. His exercise of patronage to secure promotions for rising East India Company soldiers and officials meant that there were always allies within the Company bureaucracy who would promote policies which he favoured, and provide him with useful intelligence about prevailing views within the administration. This was particularly important under the Governor-Generalship of Gilbert Elliott, Lord Minto, from 1807 to 1814. Minto's relationship with the merchants of Calcutta was so frosty that when he was recalled, an attempt to arrange a public tribute to his governorship had to be abandoned because of mercantile

hostility.[31] Though Minto banked his salary with Palmer & Co., he was careful not to pass any of his investments into their control, and he always arranged his affairs to keep his commission payments to them at a minimum.[32] As a result not even John Palmer was intimate with Minto, who was something of a recluse in Government House, surrounded only by family and close friends.[33] Nonetheless, Palmer's contacts in the administration were able to reveal a major rift between Minto and the Commander in Chief of the armed forces over Minto's insistence that he held supreme authority in military decisions.[34] There were also family connections between the firm and the highest echelons of government. When William Prinsep and his brother George became full partners in Palmer & Co., they brought very senior connections indeed. Their younger brother, Henry Thoby Prinsep, had arrived in Calcutta as a writer in 1809, and risen very quickly under Lord Hastings, achieving by 1820 the rank of Secretary to the Government in the Persian Department, with principal responsibility for drafting communication with Indian rulers.[35] H.T. Prinsep enjoyed a very close relationship with Hastings, acting as his interpreter, and by the 1820s was a force to be reckoned with in the administration. Bagchi comments on the importance of 'blood relations' between East India Company officials and the agency houses, and cites the Prinsep family as one particularly important example which brought Palmer & Co. an important measure of influence.[36] Such close personal ties within the Bengal government were a significant advantage for the firm, though its use had to be subtle and careful, since everyone in government was also aware of the connection.

The wealth of Palmer's house, and the sheer size of its commercial transactions was also a source of political leverage, though Palmer was reluctant to use what could be a very blunt instrument indeed. Nonetheless, when in 1808 the East India Company prohibited its servants in Canton from engagement in the private opium trade, Palmer made the point that had his firm refused to buy the East India Company's opium, the price of the commodity would have been severely affected.[37] Though Palmer chose not to take such a provocative step, the boast revealed his awareness of his own formidable economic power. Working with other agency houses in common cause appeared, superficially, to be a more attractive course. Tripathi notes that such was the dependence of the East India Company on the agency houses for the management of the opium trade, the sale of government securities for funds to fight wars, and the development of the Indian economy that 'the Company always felt the agency houses' hands at its throat in any political or financial crisis'.[38] On occasion they acted collectively to impress upon the authorities their opinions on Company policy. In December 1809, they petitioned Admiral Pellew of the Royal Navy to improve protection for British vessels trading in the east. Palmer signed the document, even though he had doubts about the practicality of the merchants' demands, because he wanted to maintain mercantile solidarity for a stronger naval commitment to their defence.[39] The

agency houses also petitioned the Bengal administration for financial help several times, most notably in 1826, when the six most prestigious houses, led by Palmer & Co., successfully pleaded for money to help them survive a major financial crisis in the Indian economy. Palmer's leadership and his position as the most respected European in the eyes of the Indian mercantile community were underlined by the submission to the Bengal administration of a letter from the *shroff*s of Calcutta, asking Palmer to support their calls for government aid.[40] Palmer also played a leading role in the Calcutta mercantile community's efforts to persuade the British government to retain Singapore during the Anglo-Dutch negotiations of 1820 to 1824.

In practice, though, collaboration between the houses was frequently difficult to achieve. They were, after all, in competition with each other. From time to time, they fell out over various issues, and an undercurrent of distrust characterised their dealings with each other. In 1810, the Calcutta houses agreed to apply the same terms and conditions under which they would charge commission for agency. At the time Palmer expressed doubts about whether these would be enforceable.[41] His misgivings proved correct. In August 1811, he discovered that Alexander & Co., and Fairlie, Fergusson & Co. had both deviated from the agreement and undercut their competitors.[42] Palmer's rivalry with Fairlie in south-east Asia has already been described. Generally, the agency houses preferred to operate independently, and efforts at collaboration were frequently undermined by the temptations of separate deals. Nonetheless, in extremis, such as in the financial crisis of 1826, they could be rallied together. There were also some areas of commercial life where co-operation was easier to achieve, and in these it was often advantageous for individual merchants to seek a leading role. The provision of life and other forms of insurance was one area where the merchants co-operated. A Select Committee of Calcutta Insurance Offices was established to regulate the terms of insurance.[43] The Board of Directors of the Bank of Bengal, founded in 1808, was another arena in which agency house men could co-operate, and the bank's status as an organisation in which the Bengal government had a stake particularly attracted those like Palmer who wished to exercise political influence. Involvement in the directorate brought access to generous loans, and to confidential information relating to government policy on borrowing and other commercially sensitive issues.[44] Palmer was one of the first directors of the bank when it was established, and remained active for many years.[45] He also actively courted official government agency contracts, securing such positions on Ceylon, Penang and Mauritius. These allowed Palmer a voice in the formation of policies affecting these British possessions. Government agency could also of course be very lucrative. Whilst in England between 1803 and 1806, Palmer was made Treasurer and Supervisor of the Chest at Greenwich, a position which gave Palmer a say in the distribution and investment of prize moneys arising from the capture of enemy vessels.[46]

Palmer's intimacy with several East India Company directors was also an important channel of political influence. His contacts included Colonel Sweny Toone, and former Bombay agency house merchants such as William Taylor Money and Sir Charles Forbes, with whom Palmer had enjoyed extensive commercial dealings in India. Connections with the London house assisted in maintaining these lines of communication, especially as partners such as Sir Charles Cockerell were MPs and men of influence in their own right. Palmer consistently lobbied the directors to secure the appointment of sympathetic East India Company officials in sensitive positions in the east. In 1816 he sought the support of directors Edward Parry and John Thornhill for the appointment of Robert Cutlar Ferguson to a senior legal position.[47] At the end of 1819, Palmer helped persuade the directorate to appoint his close friend on Penang, W.E. Phillips, as the Governor of that island.[48] Palmer also used his London contacts to defend the record of the Marquis of Hastings, whose decisions as Governor-General were coming under increasing fire in the early 1820s in the wake of the Hyderabad scandal and the high costs of his expansionist policy.[49] Perhaps the clearest evidence of the high value Palmer placed on influence in the directorate was his attempt to rally support for his son-in-law Hobhouse's unsuccessful bid to become a director in 1826.[50]

But any evaluation of Palmer's political clout must place a very strong emphasis upon one particular relationship which he cultivated between 1814 and 1823, and which arguably represented the zenith of Palmer's political influence: his friendship with the Governor-General, Francis Rawdon, Marquis of Hastings. It was Hastings of course who dubbed John 'prince of merchants', and the Governor-General listened carefully to his merchant prince's counsel on numerous issues. Palmer deliberately set out to win Hastings' friendship on learning of his appointment.[51] By April 1814, just six months after the new Governor-General's arrival, Palmer boasted that he was Hastings' intimate confidante and that Palmer & Co. was the obvious choice to provide financial or other assistance for members of his family.[52] From the outset Palmer detected that Hastings was painfully aware of his inexperience of the east, and that he was 'seeking information from more than one individual'. This made Hastings susceptible to the overtures of a wealthy and knowledgeable merchant such as Palmer.[53] Indeed Palmer noted, somewhat gleefully, that the new Governor-General demonstrated his lack of knowledge when it came to making appointments and exercising patronage. On this, he was about 'as choice in the appropriation and impropriation of his patronage as Lord Minto himself'.[54] Palmer derided some of the key appointments Hastings had made in the Java administration. Clearly this was a Governor-General waiting to be taken in hand. From Hastings's point of view, Palmer came to be seen as an extremely useful ally. Hastings' term became noted for its expansionist imperial policy, the cost of which brought criticism and opposition at home and from sections of the Bengal Council. Palmer was vociferous in his defence of

this policy, which was directed at opinion in the Directorate of the East India Company as well as public opinion in India. In this respect, Palmer's support bolstered Hastings by lending his policies a veneer of mercantile support. Yet interestingly, Hastings did not become a constituent of Palmer & Co., choosing Alexander & Co. instead. This disappointed Palmer, who had been led to believe by friends in London that Palmer & Co. were well placed to win this particular prize. Certainly Palmer castigated Henry Trail for his lack of nerve and conviction in pursuing this objective.[55] However, this failure was probably a blessing in disguise. The fact that Palmer did not directly control Hastings' personal financial affairs probably insulated him and the Governor-General from accusations of favouritism or an inappropriate exercise of private influence in public affairs, at least in the early years of Hastings' term. It allowed Palmer to build the relationship without incurring the jealousy of his rivals. In practice, as will be seen in the case of Hyderabad, it did not prevent Palmer attending to the financial interests of his eminent friend. The upshot was that the period from 1814 to 1823 saw the high point of Palmer's political influence. It was most visible in two areas of policy: south-east Asia and Hyderabad. The former perhaps saw the most important contribution Palmer made in the shaping of policy; the latter proved ultimately the nemesis of Palmer's political ambitions.

Like the other Calcutta agency houses, Palmer & Co. had been developing commercial connections in south-east Asia since the beginning of the nineteenth century. A significant market in its own right, particularly for opium, the region also offered tin, betelnut, rattans and other commodities in demand in the Chinese market. The Napoleonic Wars prompted the British to seize control of the Dutch colonies in the East Indies, taking Malacca and the Moluccas in 1805 and Java in 1811. The removal of the Dutch authorities and their protectionist tendencies facilitated an expansion of British trade and investment in the region. By 1815, the Calcutta agency houses had built up commercial networks across the Malay archipelago. While there was an element of competition between the agency houses in developing trade to south-east Asia, Palmer & Co. came to be one of the leaders in this field. Palmer's efforts to forge strong links with officials and merchants on Penang have been described, as have some of his firm's developing interests on Java after 1811.[56] On Java most of Palmer's dealings were with their main agents, Deans, Scott & Co., until their bankruptcy in 1821. At that point, Palmer & Co. took over their assets, including sizeable plantations at Tjikandi Ilir.[57] Even after the return of Java to Dutch control, a development which filled Palmer with considerable apprehension, Palmer & Co. continued to be one of the chief suppliers of opium and other commodities to the island.[58] In May 1818, he was content to fund, together with the East India Company director W.T. Money, the speculative venture of a Mr Miller, who left that month for Java.[59] Indeed, Palmer was swift to accommodate himself with the resurgent

Dutch administration in the East Indies. He not only established himself as Indian agent for the Dutch colonial government, but from 1816 also raised loans for this cash-starved and beleaguered administration.[60] Palmer maintained an intense correspondence with a variety of senior Dutch officials such as J. A. Van Braam, the Commissioner in charge of the Dutch settlements in India, and Governor-General Baron Van der Capellen. By 1821 he even had charge of some of the personal financial affairs of the latter.[61] In addition, Palmer's friendship with the Sultan of Pontianak went beyond mere correspondence. Palmer supplied a ship (200 tons with 10 guns) as well as cotton cloth and other commodities.[62] The Sultan also drew upon Palmer & Co. when he purchased another ship, the *Eleanor*, from two merchants, Edward Swale Portbury and George Charles Lindsay, in 1815.[63] Palmer thus had a real material interest in the Borneo trade.

In Aceh, the small polity on the northern tip of Sumatra, Palmer was fast developing commercial and political contacts. The accession of Sultan Jauhar in 1814 had led to the outbreak of a civil war, following a challenge for the throne from Saif-Al-Alam, son of Syed Hussein, a Penang merchant and old friend of John Palmer. Palmer emerged as one of the strongest supporters of Saif.[64] Further south, Palmer enjoyed a thriving trade with Charles Holloway, a British official at Padang, on the west coast of Sumatra. In May 1818, Palmer received gold dust worth Rs48,000 from Holloway, and held out the hope that the growth of trade with Sumatra by American ships, would pave the way for an expansion of Palmer & Co.'s commercial activities on the island.[65] Certainly by 1814 Palmer felt sufficiently expert in his knowledge of the trade to south-east Asia to advise against the use of convoys to protect British country ships in the region, because forcing traders to travel together would result in excessive competition and falling prices of the commodities they wished to sell.[66] The strategic importance of south-east Asia as the route to China, also heightened Palmer's interest in the region. By the end of the British occupation of Java in 1815, Palmer's interests in south-east Asia were extensive and growing and, like other British merchants in the region, he had cause for concern about the fortunes of British trade should the Dutch be permitted to reassert the tight monopolistic control over trade in the region which they had enjoyed before the mid 1790s.

Crucially, the decision was made in London at the end of the war to return to Dutch control all of the colonies which had been occupied by the British for the duration, specifically Java, Malacca and the Moluccas. This decision was made with European priorities in mind. A strong Netherlands was an essential check on any future French expansionism, and this tiny, almost bankrupt nation would need all the wealth of its former colonies to fulfil this role. It also meant that the Dutch would be free to try to reassert their influence over the Malay states of Borneo and Sumatra, islands with which British trade had grown during the war. While south-east Asia was sparsely populated, and its

markets limited, the region was more than just a route to the lucrative markets of China. It regularly absorbed between 15 and 25 per cent of opium exports from Bengal, and constituted a significant 'marginal market' which helped bolster prices at times when the Chinese market was depressed.[67] The region also consumed British and Indian manufactured cotton goods, the former expanding dramatically in the 1820s. Circumstances in India following the East India Company Charter Act of 1813 lent the region even greater importance for commercial interests in India. The influx into India of ships, British manufactures and new merchants which followed the Act quickly brought new problems. By 1817/18 there was a glut of British and Indian commodities and shipping in India, unable to find a market. In August 1818, Governor-General Hastings was made aware that an economic crisis was descending on the Bengal economy.[68] John Adam, Hastings' secretary and a senior figure on the Bengal Council, noted the large numbers of idle ships at Calcutta, and falling freight rates, both a product of cut-throat competition between the old agency houses and new merchants from Britain.[69] There was a desperate need to find new markets for both Indian and British goods, as well as gainful employment for shipping. One outlet was the Malay archipelago, where Indian cotton goods, opium and a range of other Indian commodities already found a significant market. Yet this was the very market which was threatened by the return of Dutch power and monopoly. By 1817 it was abundantly clear that the Dutch indeed intended to assert their old monopolies and exclude British competition. Dutch agents were sent to Borneo and southern Sumatra with orders to re-establish exclusive Dutch rights to trade with local rulers. In 1818, the Dutch took control of Malacca, much to the alarm of merchants and officials on Penang. The growth of British exports to Java when the island was under British rule was celebrated by the Board of Trade in Calcutta, who condemned the decision to return it to Dutch control as 'the greatest error against sound policy that ever was committed'.[70]

By 1818 the pressure on the Bengal administration to act on these concerns was irresistible. Thomas Stamford Raffles, former Governor of Java, spent over a year in England in 1816–1817, arguing passionately in letters to George Canning that two new British possessions were needed at the heart of the Malay archipelago to preserve access to the markets of the region for Indian manufactures.[71] On his return to take up the Governorship of the forlorn British settlement of Bencoolen on the west coast of Sumatra in March 1818, Raffles found a ready audience in Calcutta for his ideas. In November he was summoned by Governor-General Hastings, and a plan was concocted to secure British access to the region. Raffles was to proceed first to Penang, and then to the island of Riau, off the southern tip of the Malay peninsula, to negotiate its cession to the British from the Sultan of Johore. Raffles discovered at Penang that the Dutch had beaten him to it, and that they now had technical sovereignty over that island. Undeterred, he proceeded south

and in January 1819. negotiated the acquisition of Singapore from a rival faction in Johore. He then went back to Penang, where he teamed up with Captain John Coombs. Together they went to Aceh with instructions from Hastings to settle the succession dispute there, with Raffles having seniority in the mission. Raffles had enjoyed a long friendship with Sultan Jauhar, and so it was no surprise when in April 1819 a treaty was signed, confirming British support for Jauhar.[72] The Dutch objected fiercely to the British acquisition of Singapore, and as no local resolution to the dispute could be achieved, the matter was referred for settlement to the national governments in Europe. Negotiations dragged on until 1824, when the Treaty of London was signed, which divided south-east Asia into Dutch and British spheres of influence. Malacca was exchanged for Bencoolen, and the British were deemed to be the dominant power in the Malay peninsula, while the Dutch were paramount in Sumatra, Java and most of the southern archipelago.[73] Crucially, the British retained Singapore, which during the 1820s grew rapidly and established itself as the principal trading port of the region, providing an outlet for British and Indian manufactured exports.

The role of John Palmer in these developments has received considerable attention from both Wurtzburg and Tarling, who used the Palmer papers to inform their own accounts of the development of British policy in the region.[74] Wurtzburg saw Palmer as a hypocrite who praised Raffles to his face and in correspondence, whilst disparaging him in letters to others. Although he quotes Palmer's letters at length as evidence of opinion in Calcutta of south-east Asian affairs, Wurtzburg suggests a rather passive role for Palmer as a critical bystander, gibbing at Raffles' energetic initiatives, whilst exercising only a limited influence over the course of events. Tarling offers a more rounded attempt to explain Palmer's perspective on events and his actions during the critical period from 1818 to 1821, but is inconclusive on whether or not Palmer played a decisive role in pressing for British interests.[75] A reassessment of Palmer's influence over policy during this crucial period is therefore overdue, and several questions addressed by Tarling and Wurtzburg are worth revisiting. In particular, the source of Palmer's difficulties with Raffles, and the precise nature of Palmer's ideas on how Anglo-Dutch differences could be resolved, are worth further exploration.

Palmer's relationship with Raffles, as it emerges from the Palmer correspondence, certainly casts the prince of merchants in a poor light. Palmer's letters to Raffles effuse goodwill and friendship, whilst his references to the British official in correspondence with Raffles' opponents (especially on Penang, where he was loathed by most officials) resorted to insults and nicknames. In these, Raffles becomes 'Sir Knight' (a mocking reference to the knighthood granted to Raffles in 1817), 'the Golden Sword' (another mockery of a knighthood bestowed upon him by Sultan Jauhar of Aceh), and 'Tidewater', an allusion to Raffles' alleged vaunting personal ambition

and opportunism, first applied to him by William Petrie, a Penang official.[76] But while Palmer's deceit is powerfully stressed by Wurtzburg, no real attempt is made to explain Palmer's attitude. In fact, Palmer's hostility was based on careful observation of the progress of Raffles' career. One particular source of irritation was Raffles' relationship with Governor-General Minto. Minto had been Raffles' most important patron, first becoming aware of his talents when Raffles argued forcefully and successfully against the destruction of Malacca in October 1808, a measure contemplated as a step which would render it harmless to British interests should it ever be returned to Dutch hands.[77] Minto subsequently raised Raffles, then only thirty years old, to Lieutenant-Governor of Java in 1811.[78] Such a meteoric rise would have incited jealousy in any circumstances, but Minto was not at all popular in Calcutta, either in military or commercial circles. In September 1813, Palmer's father, General William Palmer told Warren Hastings that Company men loathed the Governor-General because of 'the manner in which his Lordship has exercised his patronage, which has generally been by personal influence and powerful recommendation without regard to seniority of service, talents or desert'. The merchants were equally hostile, because they felt that Minto's policies had caused them 'great injury and oppression'.[79] Little wonder that Palmer and others saw Raffles as an impudent upstart, raised above his station by a wayward and vindictive Governor-General. The hostility on Penang was particularly fierce because of Raffles' defence of Malacca in 1808. Both the officials and merchants on that island had lobbied for the destruction of the Dutch settlement, which had been occupied by the British since 1795. For them, the plan represented an opportunity to dispose of a feared rival for once and for all. Raffles' intervention, which argued for the continued survival of Malacca in British hands on the basis of the commercial advantages of the port over Penang, was seen as nothing short of treachery, especially since at the time Raffles was an official in the Penang establishment.[80] The importance of Palmer's connections with the latter settlement made it convenient for him to give full vent to his suspicions of 'Sir Knight'. But Palmer was not merely toadying to the prejudices of his Penang friends. To Palmer, his own commitment to free trade stood in stark contrast with Raffles' inclinations towards monopoly, a difference which had emerged during the latter's governance of Java. Moreover, Palmer became increasingly concerned at what he regarded as Raffles' provocative and belligerent attitude towards the Dutch, which he believed was made reckless by driven personal ambition. Although, like Raffles, he desperately wanted the British to assert themselves in south-east Asia, not least to secure his firm's extensive interests, Palmer wanted this to be achieved with the minimum of friction with the Dutch, with whom he had important financial dealings, and in whose restored territory Palmer & Co. wished to maintain various commercial interests. Raffles was too impulsive, too brute a force of imperial expansionism, to be trusted with such a delicate

mission. Palmer believed that maintaining a congenial relationship with the Dutch could yield many benefits for the British empire. One example was the growing worry about competition in the markets of China and south-east Asia from Turkish and Malwa opium. In the course of the various discussions about the resolution of Anglo-Dutch differences in south-east Asia, Palmer even suggested to one of his Dutch correspondents that a Dutch pledge to exclude imports of Turkish opium into their territories might be thrown into the negotiations over Singapore and the respective British and Dutch claims in the region.[81] For this to be possible, provocations on both sides had to be avoided; something which Palmer believed was made difficult by the presence of Raffles in the region.

Perhaps inevitably, historians have focused upon Thomas Stamford Raffles, the founder of Singapore, as the prime mover of British policy in south-east Asia during the years after the restoration of Dutch power in 1815. But it should be remembered that Raffles was acting upon orders issued by Governor-General Hastings when he set off from Calcutta in late 1818 to secure a new British outpost. In this respect the Governor-General was even more pivotal in the more assertive policy which established the 'Lion's City'. Most historians have been strangely reluctant to acknowledge this, and have offered unconvincing interpretations of Hastings' meeting with Raffles that autumn, which depict Raffles as the principal architect of subsequent events.[82] One writes of Hastings' 'indoctrination' by Raffles.[83] Another has Hastings giving 'cautious approval' to a plan for action offered by Raffles.[84] Yet there is little evidence to support the notion that Hastings was merely 'rubber stamping' a strategy drawn up by the Governor of Bencoolen. The Governor-General, an ardent imperialist in his own right, held very strong convictions about the need to deal with the Dutch. It was he who summoned Raffles, not vice versa. A key document was a minute written by the Governor-General in early November 1818, and which was subsequently submitted to his superiors in London in January 1819.[85] In this, Hastings recorded Raffles' plans to counteract Dutch plans to reassert their control of south-east Asia. They were ambitious indeed. Raffles wanted not just one new British settlement in south-east Asia, but a chain of new ports including Semangka Bay at the southern tip of Sumatra, the island of Bangka (a major source of tin), Riau, a small island in the vicinity of the southern tip of the Malay peninsula, and Sambas on the island of Borneo. Riau, at the heart of the southern archipelago, would come to be the new centre of British commerce in the region, eclipsing the existing British settlements at Penang and Bencoolen, while the other settlements, as well as developing into commercial entrepôts in their own right, would constitute a barrier to the reassertion of Dutch monopolies. Raffles believed that the next step would be a mutually beneficial exchange of possessions between the two sides, with the Dutch giving Malacca to the British in return for Bencoolen and Padang, though most of Sumatra would fall under

British influence. In particular, Raffles made plain his belief that the British should throw their support behind his old friend Sultan Jauhar, in defiance of those in Calcutta and Penang who supported the pretender, Saif-Al-Alam, thereby drawing the kingdom firmly into the orbit of British influence.

It is plain, however, that far from being swayed to support Raffles' strategy, Hastings disagreed on a number of crucial points, and imposed severe constraints on Raffles. While he agreed that a new settlement, probably at Riau, was necessary to preserve access to the south archipelago for British trade, Hastings stressed that he could not sanction the additional acquisitions which comprised Raffles' 'chain of ports' strategy. In Hastings' words, 'they appear calculated to embarrass our future procedure and injure our cause, rather than to promote the object in view, by giving the Dutch an apparent advantage over us in minor questions which they will be too ready to turn against us in the discussion of points of greater magnitude'. While he agreed with the policy of exchanging Malacca for Bencoolen, it is plain that Hastings had not merely been the passive recipient of Raffles' ideas, but had consulted widely, including with William Farquhar, the British commandant at Malacca. Hastings also displayed a wider geographical and administrative grasp of the advantages of an exchange, as new territories in India acquired around the city of Poona would require the redeployment of Bencoolen East India Company civil servants. On Aceh, Hastings agreed with the need to support one of the main contenders, but did not follow Raffles' ready prescription to back Jauhar. Instead, he ordered a Captain Coombs, a known supporter of Saif-Al-Alam, to accompany Raffles to Aceh, with instructions to support whichever candidate seemed likeliest to win. Again, this was hardly Hastings submitting passively to indoctrination by Raffles. The Governor-General listened to a wide range of opinions but made up his own mind.

To what extent did John Palmer manage to influence Hastings' instructions to Raffles? Nicholas Tarling, whose study of Palmer's involvement in the foundation of Singapore has been the most thorough, felt unable to offer any estimation of the importance of Palmer's influence in shaping British policy in south-east Asia.[86] This conclusion is understandable, as no written evidence has survived which demonstrates conclusively that Hastings either consulted Palmer or followed his advice. But the absence of written evidence in this case is unsurprising and should not be seen as conclusive proof that Palmer did not shape events. Hastings and Palmer were personal friends and met regularly. Persuasion by the prince of merchants would have been by word of mouth, requiring no written correspondence. Indeed, there is indirect evidence that discussion between the men certainly took place, and that the Governor-General's position met many, if not all, of Palmer's concerns about how British policy towards the Dutch should be developed. It is clear, for example, that Hastings' instructions to Raffles in November 1818 were well known by Palmer, who seems to have discussed them at length with the Governor-

General. This is apparent from Palmer's letter to his friend David Brown, on Penang, dated 12 November 1818, in which he not only indicated that moves were afoot to preserve British interests in south-east Asia, but also set out in some detail Raffles' instructions to go to Penang, visit the central archipelago to establish a new settlement, and then proceed to Aceh with Coombs to try to settle the succession dispute there.[87] Palmer himself had come to the view as early as June 1818 that a new port in the southern archipelago might indeed prove necessary to preserve British interests, and so this was not in Hastings' mind solely because of Raffles' efforts.[88] Moreover, the Governor-General's stated rationale in his November 1818 minute of the need for a new British acquisition coincided identically with the needs of the Calcutta agency houses, namely the protection of access to China and the markets of south-east Asia for Indian produce, at a time when economic difficulty in Bengal rendered the preservation of existing markets for Indian produce a major priority. As the leading British merchant in Calcutta, as well as Hastings' close friend, it seems more than likely that Palmer was instrumental in fixing this conclusion in the Governor-General's mind. Similarly, Hastings' determination to restrain Raffles, fearing the inflammatory consequences of allowing him a free hand, coincided exactly with Palmer's concerns about 'Sir Knight'. There are therefore grounds for the tentative conclusion that Palmer was indeed one of the architects of the policy which led Raffles to Singapore in 1819. On Aceh of course he did not get his way, principally because of Raffles' success in asserting his authority over Coombs when the mission reached Aceh in spring 1819. It was Jauhar, rather than Palmer's candidate who was recognised as the rightful Sultan by the British.

Certainly, once Singapore was established Palmer was as eager as others in the east to take advantage of the opportunities it offered. Tarling notes that Palmer sent one Claude Queirios to open a commercial house on the island and to act as Palmer's agent there.[89] Tarling describes Queirios as Palmer's 'natural son', a claim apparently based solely upon an unsubstantiated assertion by Wurtzburg.[90] In fact, Palmer was in correspondence with Joseph Queirios, who is described in Palmer's letters as Claude's father.[91] Certainly the present author could find no evidence of Palmer's alleged paternity. Palmer also acquired land on Singapore, and developed trading links with the island, as did many of his mercantile peers, notably Barretto & Co.[92] Tarling correctly charts Palmer's subsequent efforts to minimise the damage done by Raffles' actions to Anglo-Dutch relations, acting in a mediatory capacity in 1819–1820, when the question of Singapore was referred to the European governments, following Dutch claims that Raffles has infringed an existing treaty between them and the Sultan of Johore.[93] Between 1819 and 1824 there were lengthy negotiations between the British and Dutch over the future of Singapore, and the settlement of the respective positions of the two powers in south-east Asia. Ultimately, these resulted in the Treaty of London of 1824,

which established the British right to Singapore, delivered Malacca into British hands, and established a British sphere of influence over the states of the Malay peninsula. In return, the British recognised Dutch hegemony over Sumatra and the rest of south-east Asia, south and west of the Straits of Malacca. Crucial in strengthening British resolve during the negotiations, in face of Dutch protests against Singapore, was the East India Trade Committee (EITC), a pressure group set up by the London East India Agency houses in 1822, which lobbied the British government for the retention of Singapore, and the preservation of British access to the markets of south-east Asia.[94] The EITC bombarded the senior British negotiators with petitions and interviews, and unquestionably consolidated the British position on defending Singapore and British access to the region. It not only rallied opinion in London, it also liaised with the agency houses of Calcutta to build support for their campaign on the edge of empire. The pivotal figure in this was John Palmer. John Begbie, the secretary to the EITC, wrote to Palmer on 29 September 1822 asking him to bring to the notice of the Calcutta community the aims of the EITC, and to secure their active support for them.[95] Palmer obliged, and the meeting, held on 22 April 1823, pledged to support the EITC with information, petitions and whatever was required to secure British commercial interests in south-east Asia. A subscription fund was set up, and a new Calcutta pressure group was formally established, the Society for the Protection of the East India Trade.[96] Palmer was the principal mediator between the London and Calcutta organisations, a position arising from his status as the most influential and wealthy of the Calcutta merchants, and the fact that Paxton, Cockerell & Trail were strongly represented on the executive body of the EITC by Sir George Larpent.[97] Clearly, Palmer played an important part in the consolidation of the gains secured by Raffles in the 1824 treaty. In many respects this probably represented the zenith of Palmer's political influence, and was perhaps his most lasting contribution to the development of the British empire. Two years later, Palmer was still trying to build on this leadership when in August 1825 he hosted the first unsuccessful attempt to set up a Calcutta Chamber of Commerce.[98] Yet even as Palmer revelled in his aspirations to political leadership, the basis of his influence was already crumbling.

Palmer's political leverage really began to be challenged in 1820, when his half brother, William Palmer of the Hyderabad house of William Palmer & Co., was accused of making illegal, usurious loans to the Nizam of Hyderabad. William Palmer had been involved in Hyderabad politics and high finance for many years, and John Palmer had helped to develop his half brother's business, so the scandal had serious implications for both men. Official British sensitivity about the question of loans to the local ruler stemmed from the history of the British presence in the kingdom. The kingdom had gradually asserted itself as an autonomous polity in the early eighteenth century, and in spite of the

Nizam's continuing recognition of the suzerainty of the Mughal emperor, by the 1740s it was in reality an independent successor state. However, internal struggles for the throne in the 1740s, coupled with the deepening Anglo-French rivalry for supremacy in southern India during the middle and later decades of the century, drew a growing political involvement in the affairs of the state by both the British and French East India Companies.[99] Eventually the British emerged as the dominant European power in Hyderabad, partly because of French support for Tipu Sultan of Mysore, a rival state to Hyderabad in southern India, and the defeat of those designs when Tipu was killed and his kingdom seized by the British at the end of the 1790s. In 1798, treaties were signed between the East India Company and the Nizam, under which the former undertook to defend Hyderabad from external aggression, in return for the cession of territory and an undertaking by the Nizam not to negotiate treaties with any other powers without prior consultation with the East India Company.[100] This also involved the stationing of a substantial Company military force in the kingdom, a presence which, together with the British Residency in the capital, increasingly lent the relationship an imperialistic overtone. The British developed a similar relationship with the Indian state of Awadh, where this 'subsidiary alliance' arrangement was also established.

William Palmer began his career in Hyderabad as a Commander of one of the Nizam's cavalry regiments at Aurangabad, but as early as 1808 he became involved in trade on his own account, supplying goods and funds for Europeans in Hyderabad.[101] By 1810 the business had grown into a banking and trading house whose speciality was providing loans for the Nizam's government.[102] Yazdani presents strong evidence that the leading officials in the British Residency, including Henry Russell, the Resident, became entangled in the business of William Palmer & Co., investing their funds in and profiting from the firm's activities.[103] The firm operated in a semi-clandestine fashion until 1814, when the firm secured, with the help of allies (including John Palmer), formal permission from the Bengal Council to operate within Hyderabad, contingent upon an agreement that the firm submit full details on all transactions, on official request from the East India Company administration.[104] This coincided with important partnership changes. William and his younger brother Hastings were joined by Sir William Rumbold, the influential husband of the ward of the new Governor-General, Lord Hastings. The firm seemed to have achieved respectability as well as prosperity, and future prospects seemed very bright indeed.

But just six years later, the firm was accused of illegal activities likely to undermine the stability of the East India Company's position in Hyderabad. The problem centred upon the scale of the firm's lending to the Nizam, and the interest charged upon these loans. The Resident, Henry Russell, who bore particular responsibility for informing the Bengal Council of the firm's activi-

ties where he felt they merited higher consideration and scrutiny of the firm's books, kept silent about the scale and nature of the firm's financial dealing. Since Russell benefited directly from these this is unsurprising, but there was the question of how William Palmer & Co.'s cosy relationship with the Residency could be continued on Russell's retirement. In fact the firm's activities were certainly controversial, given the strict rules governing the activities of Europeans within Indian states. One of the most important of these was 37 Geo C. 142, passed in 1797, which prohibited all Europeans from financial transactions with Indian rulers, unless they had express permission from the Governor-General.[105] Although the licence granted in 1814 technically exempted William Palmer & Co. from this prohibition, it was always understood that the firm would not engage in excessively usurious transactions, lest these undermine the financial stability of the kingdom. Moreover, it was understood that East India Company officials should always refrain from involvement in private business deals, lest these impair their loyal service to the Company. Clearly this rule had been infringed, and the firm and the Residency were eager to prevent this from becoming public knowledge. Matters were complicated by William Palmer's belief, as a Eurasian, that he was exempt from the provisions of 37 Geo C 142. Dalrymple suggests that Palmer's lifestyle was ostentatiously Indian, and that he regarded himself as belonging to local society, therefore entitling him to live and trade according to Hyderabadi law and custom.[106] The Residency and the partners in the firm must have been aware that if the authorities in Bengal and London knew of the scale and character of their business, there would have been strong objections to its political imprudence. Central to their transactions was the firm's unhealthily close relationship with Chundu Lal, the Nizam's Finance Minister, with whom most of the deals were negotiated. Some of these involved the Nizam consigning the right to collect tax revenues from certain lands in the kingdom to the firm, and the establishment of a banking house at Aurangabad.

What made matters worse was the fact that the Nizam used much of the money borrowed through William Palmer & Co. to pay for the British military protection of his kingdom. This effectively meant that the firm and the East India Company's own Resident were profiting personally from the financial arrangement, with the serious implication of conflicting interest on the part of the latter. The high interest payments by the Nizam to the firm also diminished the reservoir of capital in the kingdom which the East India Company might have wanted to tap. By 1819 the firm had lent a staggering Rs52 lakhs (approximately £500,000) to the Nizam since 1808, at an exorbitant annual interest rate of 25 per cent.[107] This clearly flouted the strict guidance from Bengal and London that Europeans should not be allowed to lend to local rulers at usurious rates. Since many of these loans predated the 1814 licence, both firm and Residency were anxious to keep this fact from the East India Company authorities, lest they decide to rescind the 1814 licence as

punishment. When by 1818/19 it became apparent that Russell would retire from the Residency soon, and rumours of the scale of the firm's activities in Hyderabad began to filter back to the Bengal Council, the firm, its allies in the Residency and Chundu Lal concocted a plan to disguise these earlier, illegal loans, and hide the Residency's involvement in the firm's business deals. The plan involved the proposal by Chundu Lal for a new loan from the firm of Rs60 lakhs, at 33.3 per cent, a rate justified on the grounds that the firm would have to borrow heavily from local moneylenders at high interest to raise the necessary cash.[108] The loan was supposedly to pay for major reforms and for paying other of the Nizam's creditors, but the real purpose was to secretly transfer the earlier illegal loans into this new one, at the same time expunging them from the firm's accounts and official records. The documentation of the new loan carefully avoided any reference to involvement by Residency officials, conveniently covering the tracks of their earlier illicit engagement in the firm's dealings. Russell of course recommended that the Bengal Council permit the loan, and in August 1820, championed fiercely by the Governor-General, it was ratified by the Bengal Council.

But suspicions were already aroused that something was amiss in William Palmer's activities in Hyderabad. As early as January 1819, several members of the Bengal Council, including John Adam, were querying whether the firm's arrangements involved guarantees to the firm that the East India Company would cover any inability on the part of the Nizam to meet his loan obligations.[109] In spite of reassurances from Russell that this was not the case, rumours of the scale of William Palmer & Co.'s operations and the precarious state of the Nizam's finances provoked fears that a financial disaster was in the offing which might destabilise the kingdom, and draw the East India Company into the crisis. James Stuart, a Bengal Councillor, gave vent to these concerns in his minute on the proposed Rs60 lakh loan in November 1819.[110] He remained deeply sceptical in spite of efforts by the Governor-General to persuade him of the authenticity of William Palmer's claims about the loan.[111] Adam also shared these misgivings, and on the Bengal Council only John Fendall seemed ready to follow Hastings' move to approve the loan.[112] In November 1820, however, a bombshell fell upon the deliberations. The Court of Directors, after reviewing the Bengal Council's decision of 1814 to allow William Palmer & Co. to engage in loan dealings with the Nizam, overturned it in May 1820, effectively removing the legal basis for the firm's activities.[113] Hastings' protests, including a claim that William Palmer, as a Eurasian, was not subject to the prohibition under 37 Geo C142, were swept aside.[114] Suspicion about William Palmer & Co., already harboured by Stuart and Adam, now hardened into hostility.[115]

Worse was to follow. In summer 1820 the Court also issued orders for the dismissal of Henry Russell from the Hyderabad Residency because of complaints about the ill treatment and death of two Indian thieves in British

custody.[116] In fact he had already resigned, but it was now clear that London was deeply dissatisfied with the Bengal administration's handling of relations with the Nizam. The final straw was the findings of Sir Charles Metcalfe, sent to replace Russell as Resident in 1821. Committed to financial reform, deeply suspicious of William Palmer's dealings and his relationship with the staff at the Residency, Metcalfe quickly exposed and reported the fictitious nature of the Rs60 lakh loan and the illicit relationship between the firm and Henry Russell. This was made all the more damaging for the Governor-General by his association with Sir William Rumbold. Ultimately, the affair contributed to Hastings' decision to resign in 1822. In fact, the Court was seriously considering his dismissal anyway, and as the full import of the scandal emerged, the Marquis of Hastings became a target for public criticism on his return from India. Although eventually cleared of charges of corruption, Hastings' reputation never really recovered.[117] William Palmer & Co. was forced into bankruptcy by the scandal and the prohibition in their activities in 1825, though William continued his business illicitly, and was still providing 'advice' for the chief minister of the Nizam as late as 1842.[118]

The effect of the affair upon John Palmer was extremely damaging. As William Palmer's half brother, and his principal advocate in Calcutta, John's involvement in the Hyderabad firm's affairs was thought to be extensive. In 1820, the Governor-General believed that he had substantially funded William Palmer & Co.'s operations. From this it seemed logical to assume that John Palmer must also have profited from these illegal transactions.[119] As Yazdani shows, Palmer had introduced Sir William Rumbold to the Hyderabad firm, secured the Governor-General's licence for William Palmer & Co. to operate in 1814, and helped to persuade Henry Russell to co-operate with the new firm.[120] The extent to which John ever actually did profit from the loans, or was even aware of the extent of his half brother's transactions is, however, unclear. He certainly offered his brother advice, particularly in relation to William Palmer & Co.'s forays into various branches of trade.[121] He also argued the case of the firm during the controversies of 1820, at one point fiercely criticising Stuart's hostility to his half brother.[122] He also tried to reinforce Hastings' argument that William Palmer's ethnicity immunised him from the loan prohibition, describing his half brother as 'native' in a letter to another official at the same time.[123] But there is no clear evidence that Palmer made any substantial profit from his dealings with the Hyderabad firm. There were certainly some financial dealings between the two firms, but evidence on debts owed by William Palmer & Co. to Palmer & Co. of Calcutta suggests that these were not large, indicating that if John had a stake in the loans to the Nizam it was a very small one indeed. In May 1823, John estimated the debt of William Palmer and Co. to his own house was just Rs2 lakhs, a drop in the ocean in light of the vast loans the Hyderabad firm had made to the Nizam.[124] On the question of the nature of the transactions it is hard to

conclude that John was entirely innocent of their controversial nature, but it is perhaps significant that when Metcalfe made accusations about them, John did not attack the new Resident, describing his character in glowing terms to William Palmer.[125] In the same letter John mentioned that William had not written to him recently, suggesting that communications between them had not always been frequent or frank. Indeed, just a few weeks later, he intimated to his half brother that Metcalfe must have some legitimate grounds for his objections.[126]

Nonetheless, John's intense family loyalty drove him to continue to defend his half brother, in spite of the suspicion this was bound to sow in the minds of members of the Bengal Council. As shown, Adam and Stuart had come to regard William Palmer as a corrupt scoundrel, and it is clear that their opinions of the Marquis of Hastings and John Palmer could hardly have been much higher. With the departure of Hastings at the beginning of 1823, and the temporary appointment of John Adam as acting Governor-General, John Palmer lost the most powerful weapon in his armoury of political influence. Coupled with Adam's dismissal from India of James Silk Buckingham, the editor of Palmer's newspaper *The Calcutta Journal*, early in 1823, these developments signalled Palmer's fall from grace as the 'merchant prince' with privileged access to the powerful.[127] These events further coincided with the beginnings of the financial troubles which would lead to the demise of Palmer & Co. in 1830. Within three years, the firm, together with the other agency houses, was beseeching the Bengal administration for financial aid to deliver them from bankruptcy, dispelling the once proud reputation he had for wealth and commercial acumen. Hastings' successors, Adam and then Amherst proved impervious to Palmer's overtures, the latter apparently dismissing Palmer as a 'desperate speculator'.[128] By 1829, Palmer was reduced to applauding the efforts of yet another new Governor-General, William Bentinck, to curb the power of the East India Company and other members of the Bengal Council, whom Palmer accused of imposing their will by 'usurpation or cajolery'.[129] Clearly his bitterness towards old opponents had grown as his influence had declined.

It is always difficult to gauge the degree of influence exercised by commercial men over the political decision makers of their time. The existence of rival sources of persuasion, the tendency of politicians to claim all the credit for successful decisions, and the informal and personal means by which John Palmer sought to shape policy make it impossible to clarify the extent of his political power, or indeed to unequivocally attribute this or that development to his efforts. But his influence was no less real for its unquantifiable nature. The multiplicity of means by which it could be brought to bear, through personal contact with officials, by collective efforts together with other merchants or with the assistance of trusted third parties, all amounted to an apparatus which gave Palmer a voice in the highest councils of the East India Company.

This was heard not only on specific issues of substance. Palmer's control of a global intelligence network, contacts with East India Company officials all over the world, enabled him to shape the assumptions which underpinned the deliberations of the organisation's leaders. This helped Palmer to determine ambience as well as specific policies; he was able to affect the mood, fears and perceived limitations which prevailed in the minds of political leaders. This certainly did not mean that he always got his way, but it did ensure that his interests and those of his peers were rarely ignored. Of course his political power waxed with the arrival of the Marquis of Hastings, and then waned with his departure, the unfolding of the Hyderabad and *Calcutta Journal* scandals, and the onset of the firm's financial troubles.[130] He was never quite the *éminence grise*, who could effortlessly manipulate decisions and events to suit his needs, that he and some of his contemporaries liked to portray. He did not always get his own way, not least because East India Company officials frequently had their own well developed perspective on what needed to be done. Nonetheless, he remained the most potent advocate of the mercantile cause in India during the first three decades of the nineteenth century. His *modus operandi*, which blended patronage, the control of a global network of intelligence, the mobilisation of allies within the East India Company hierarchy, and the exertion of personal persuasion with senior officials, was a model which many would follow, in London as well as in the east. Cain and Hopkins have identified the emergence of political influence by the merchants and financiers of the City of London as a critical factor in the rise of the British empire and the determination of the policies which governed it. Many of their attitudes, beliefs and methods of political operation were ones first perfected on the imperial frontier, as British merchants sought to guide local officials in the exercise of their authority. Thus many of the *nabob*s who returned to England in the early nineteenth century to set themselves up as London East India agency house partners tended to operate as they had done overseas, through patronage, paternalism, and the effective use of networks and personal friendship with their social superiors within the world of the East India Company and politics. For some, in spite of his failure, John Palmer was a model, an archetypal 'gentlemanly capitalist'.

Six

RUIN AND FAILURE 1820–1830

BY THE 1820s the fortunes of Palmer & Co., together with those of several other British firms, had taken a marked turn for the worse. Various factors contributed to this looming crisis. War with the Burmese between 1824 and 1826, a slump in both the British economy and European demand for indigo all contributed to these difficulties. Several small British merchant firms went bankrupt in the last years of the decade, but in January 1830 came the fatal blow for the system of mercantile capitalism which had operated since the 1780s: the failure of Palmer & Co. Within four years, all of the other major agency houses had suffered the same fate, plunging the eastern British imperial economy into its worst crisis in living memory. Major changes in the organisation of British commerce in the east inevitably followed, and the fact that these events coincided with the negotiations leading to the Charter Act of 1833, which ended both the East India Company's remaining monopoly of trade with China and its involvement in commerce, meant that the early years of the 1830s were pivotal in the development of the British presence in India and Asia.

The fact that Palmer & Co.'s failure triggered the collapse in confidence which brought down the other firms means that its significance extends further than just the fate of the firm itself. Given that the other agency houses were similarly organised and engaged in many of the same activities, it may be that some of Palmer & Co.'s organisational weaknesses were generic to the agency house as a form of commercial organisation. Plainly, there may be important insights here into the reasons for the general demise of the houses. The analysis of the last ten or fifteen years of the life of Palmer & Co. provided here will therefore offer many clues as to the origins of the crisis of 1830 to 1834, as well as the accuracy of explanations of the catastrophe offered by contemporaries and historians.

The sheer scale of the crisis inevitably drew judgements from participants and observers, and subsequent historians of the British empire in the east could hardly avoid offering their own ideas on the causes of the disaster.

Significantly neither contemporaries nor historians were able to reach a consensus on the principal significant reasons for the calamity, though a number of factors were identified, each of which played an important role in events. Opinions emerged very quickly. One of the first to offer his views was Sir George Larpent, the fast rising partner in Paxton, Cockerell & Trail, the firm whose demand for immediate repayment of a debt actually triggered the failure of Palmer & Co. In 1833 Larpent offered his own explanation of the current crisis among the Calcutta agency houses to the House of Commons Select Committee on the state of commerce and shipping. In the course of a complex account of the development of private enterprise in India since 1815, Larpent identified various reasons for the agency house failures: the collapse of European demand for indigo in the late 1820s, the destabilising effect of the East India Company Charter Act of 1813 and the influx of new traders into India brought by the opening of the India trade, and the crippling effects of heavy borrowing by the Indian government during the Anglo-Burmese war of 1824–1826.[1] But for Larpent, the crucial problem lay in the agency houses' combination in their operations of banking and commercial speculation, an arrangement which meant that they were tempted far too frequently into the investment of monies entrusted to them into imprudent and unprofitable schemes. When the latter failed, and endangered the solvency of the houses, there was the terrifying prospect of commercial loss being rapidly translated into a banking crisis, with the escalating consequences of bankruptcy and ruin which this would bring in its train.[2] Larpent's recommendation for the future was that this form of organisation should effectively be outlawed. Significantly, several years later he played a central role in the first of several attempts to set up a London based central bank for India.

James Silk Buckingham, the former editor of Palmer's *Calcutta Journal*, and a passionate advocate of free trade and the market, tackled the question of the failures in the January 1834 edition of *Alexander's East India Magazine*, a celebrated London journal on Indian affairs.[3] Like Larpent, Buckingham cited a variety of causes, but focused particularly upon the failure of the old agency houses to move into the thriving new import trade into India of British manufactures. Buckingham regarded this as a fatally missed opportunity which would have replaced the ailing commercial lines of the agency houses with a thriving and dynamic field of activity. Instead, they left this to newer merchants who had arrived in India since the 1813 Act.[4] The older houses chose instead to keep the bulk of their resources in such lines as the indigo trade. When they did seek new opportunities, it tended to be in speculative activities such as house-building, which did not live up to their early promise.[5] John Crawfurd, another contemporary observer of the demise of the agency houses, and a leading intellectual authority on British commerce in the east, also regarded the consequences of the 1813 Act, and the houses' inappro-

priate response to it, as the root of the crisis.[6] For Crawfurd, the influx of new merchants, and the new agency houses they established, raised competitive pressures to an unhealthy pitch for the older houses, which lost a significant share of the export trade from India to the new men. The fact that they still attracted vast quantities of capital from East India Company servants and Indian depositors meant that the older firms found it increasingly difficult to secure sufficiently profitable investments for their capital to cover the interest they had to pay to depositors. As a result, they were tempted into 'imprudent speculations' in house construction, ship-building, brewing, spices, coffee and other experimental plantations, none of which furnished returns to meet needs or expectations. In addition, when the great financial pressure of the late 1820s fell upon the houses, they discovered that the general depression in the Indian economy prevented them liquidating their capital by selling their assets – in simple terms, their money was tied up in depreciating and unattractive property or enterprises.[7] Yet another, anonymous, commentator blamed the tendency of European partners in the Indian firms to leave and join the London corresponding houses at the earliest opportunity, taking their capital with them. It was a state of affairs likely to precipitate collapse in moments of financial panic, as partners scrambled to extricate what they could from the business before it folded. This commentator blamed in part the legal restrictions which prevented Europeans from settling permanently in India. He also lambasted them for their irrational business practices, most notably their tendency to be swayed by feelings of friendship, lending money 'upon a prospectus merely to serve a friend or protégé'.[8]

If contemporaries generally cited the commercial practices of the agency houses as the most important reasons for their failure, some historians have tended to be more forgiving, emphasising the severity of global and eastern economic or social conditions in both precipitating the crisis, and making unavoidable the bankruptcies which followed. Probably the most influential historian of the Bengal economy during this period of British rule, Amales Tripathi, emphasises the inhospitality of the external circumstances of the 1820s in which the firms had to operate. In particular, he cites the disastrous effects of the prolonged and expensive war with Burma, which forced the Bengal administration to borrow very heavily indeed. This compelled the agency houses to pay punitively high rates of interest to their depositors, as much as 24 per cent in some cases, in an effort to prevent wholesale withdrawals by those seeking to take advantage of the generous returns on government securities.[9] These problems were exacerbated by a slump in the British economy in the latter half of the 1820s, which triggered a dramatic fall in the prices of indigo and other Indian produce, cutting savagely into agency house incomes.[10] Poor indigo crops, and the failure of smaller British mercantile concerns who were heavily exposed in the indigo trade, notably Mercer & Co. in 1826, together with some Indian firms, added to the general downturn in

confidence.[11] Thus, the houses, though not innocent of foolish or faulty decisions, were essentially the victims of external developments.

Other historians have endorsed this diagnosis. B.B. Kling, writing in the 1970s about the career of the Indian merchant Dwarkanath Tagore, largely supports Tripathi's conclusions, emphasising the effects of the indigo slump.[12] Another Indian historian, Benjoy Chowdhury argued in the early 1960s that the collapse of the indigo market and the other factors, though serious, were made decisively worse by a catastrophic breakdown of trust between Indian investors and capitalists on the one hand, and the British firms and agency houses with whom they did business on the other. This began with the fall of Mercer's, but when Palmer's went under in 1830, the situation was beyond recovery.[13] Other historians subsequently warmed to this theme. S. Bhattacharya, writing in the early 1980s for the *Cambridge Economic History of India*, also cited a general frailty of Indian confidence in the European agency houses as a principal reason for the failures of the 1830s.[14] This argument was developed further by an eminent British historian of north India during the early period of British rule. C.A. Bayly's masterly analysis of north India from 1770 to 1870 points to social and economic changes brought by the consolidation of British rule as a factor in the collapse. Pacification of the Indian states involved the reduction of their armies, and higher revenue payments to their new British masters. As a result, after the mid 1820s levels of consumption by Indian elites declined, undermining indigenous merchants and industries. This meant that with the failure of British merchant houses such as Mercers which had strong connections with Indian merchants and producers, the fragility of the Indian economy was exposed, and widespread Indian mercantile failures followed, with an associated collapse of Indian confidence in the European agency houses.[15] Little wonder that after the failure of Palmer & Co., the other houses suffered fatally from an extensive withdrawal of Indian capital. The eminent Indian historian of the State Bank of India, A.K. Bagchi, however, sees the Indian capitalists and investors as victims rather than catalysts of the crisis of 1830–1834.[16] Although he acknowledges that the frequently mentioned external factors contributed to the crisis, Bagchi returns to the more condemnatory tones of contemporary accounts. The fundamental problem lay in 'the inordinate greed of the partners of the firms'.[17] In the 1960s, S.B. Singh, one of the main historians of the agency houses hinted at much the same view, though he preferred to gently criticise the 'excessively luxurious living' of agency house partners, and their willingness to do this on other people's capital. Singh directed his comments more at the lifestyle of the British merchants as imposed upon them by contemporary social expectation, rather than naked avarice. It was nonetheless, together with reckless speculation, the chief reason for the failure of the houses.[18] Douglas Peers, while recognising the severity of the external difficulties facing the houses by the 1830s, reaffirms Bagchi's blunt condemnation, blaming the agency house men's 'greed

and their involvement in ruinous speculation'.[19] While both contemporaries and historians identify some if not all of the contributory factors leading to the crisis of 1830 to 1834, there is no consensus as to which were the most important reasons.

The development of Palmer & Co., particularly during the period after the opening of India to British trade in 1813/14, offers to throw new light upon this unresolved debate about the economic collapse of the early 1830s. While all of the factors cited above were evident in the firm's experiences during this period, this first detailed study of one of the agency houses offers important new insights into the reasons for the collapse. The fact that it is Palmer & Co. that is the focus of this study rather than one of the other houses lends it additional importance, because the failure of Palmers was a crucial trigger for the general collapse which followed. It will be evident that understanding the crisis of 1830 to 1834 requires a micro-economic as well as a macro-economic perspective.

In respect of the views of Crawfurd and Buckingham, there is no doubt that the opening of the trade to India in 1813/14 had far reaching consequences for the established agency houses. Certainly Palmer & Co. saw it as an opportunity to expand their global trading network, and even before the Act became law they had been increasing the size of their fleet to take advantage of new access to the British market. By 1823 they operated 23 vessels, nine more than the next largest agency house fleet which was Alexander & Co., whose fleet numbered 14 ships.[20] As early as April 1814, Palmer signalled his intent to establish trading agreements with merchant firms in those British outports now allowed to trade freely with India, most notably in Liverpool, to where he sent a speculative cargo of cotton, coffee and pepper aboard his ship *Auspicious*.[21] Palmer was particularly eager to recruit the assistance of Paxton, Cockerell & Trail in securing contacts in Liverpool.[22] In fact in 1813, when the success of the new Charter Act was imminent, Palmer even urged the London house to establish subsidiary firms in each of the main British outports, including Liverpool, Glasgow, Dublin and Limerick, to take advantage of the new commercial opportunities there. They did not heed this advice.[23] By 1816, however, Palmer & Co. were conducting a thriving trade with Liverpool, particularly with John Gladstone, one of the most eminent firms in the city.[24] In 1815, they even named one of their new vessels *Liverpool*, to celebrate this important branch of commerce.[25] The growth of these connections may have been a factor in the drift away from Paxton, Cockerell & Trail, which so nearly terminated their relationship with Palmer & Co. But the honeymoon with the Liverpool trade simply did not last. By 1818, major problems arose. The main difficulty stemmed from the rapid overstocking of the Indian market with British manufactures, and the increasing difficulty in finding employment for the expanded number of ships plying their trade to India.[26] In this context, 'free trade' ships competing with Indian agency

house vessels in the intra-Asia 'country trade' were most unwelcome, even if they came from Liverpool. Palmer grumbled specifically in July that year that returns on freight rates had been brought low by competition from ships based in the British outports.[27] In August 1819, Palmer even went so far as to argue publicly that two of Gladstone's ships should be legally disbarred from involvement in the country trade, a stance which must have soured relations with the Liverpool firm.[28] Certainly the firm's trade with Liverpool had rapidly begun to founder, in spite of its promising beginnings. Only two months later, Palmer grumbled that the failure of a Liverpool firm with whom both Palmer & Co. and Paxton, Cockerell & Trail had dealings would result in heavy losses for both the London and Calcutta houses.[29] By 1825, the connection with Gladstones had been severed completely. The Liverpool firm sent out Thomas Ogilvy and F.M Gillanders to carry out their business in Calcutta, and on their arrival in March 1825, their dealings with Palmer & Co. effectively ceased.[30] Palmer was quite sanguine about the development, indicated his continuing friendship with Gillanders and Gladstone.[31] There was unquestionably an air of complacency in Palmer's attitude to the new trading firms which were established after 1813, particularly to conduct the export of British manufactures to India. In 1823, he confidently predicted that they would be unable to compete effectively with the well established agency houses because of their limited capital resources and inferior connections with the local mercantile community in India.[32]

The upshot of this curtailed interest in trade with the British outports was that Palmers, like the other established Indian agency houses, left the import of British manufactures into India to the newly established houses. But Buckingham's contention that this was a vital opportunity missed by the older firms is weakened by the fact that they had good reasons to hold back from this branch of commerce. Early optimism about the capacity of the Indian market to absorb British manufactures rapidly evaporated after 1816, when the glut of British cotton goods and the fierce competition brought by the new trading firms brought overstocking, instability and the threat of bankruptcy to participants. In this context, the disinclination of the agency houses to speculate in what was proving to be a precarious line of business was perfectly rational. Better by far for the traditional houses to stick to those activities in which established connections with Indian society and experience gave them a decisive edge over the newcomers. Besides, the wide range of the existing business commitments of the agency houses, and the substantial investment of their capital in shipping and advances to commodity producers meant that they were already dangerously exposed in the event of a major financial crisis. The general feeling was that further speculative enterprises should be restricted to activities where there was less competition and more promising rates of return. The existing workload on the partners was already gruelling, as William Prinsep recalled of his first few years with Palmer & Co. after 1819.

Working incessantly from 10am till 7pm daily, he still found it impossible to reduce an alarming backlog of correspondence and other tasks.[33] Starting up yet another major line of business such as the import of British manufactures, with all the work that would entail in terms of acquiring expertise and building and maintaining links with manufacturers in Britain, must have seemed an almost impossible task. In this context, the reluctance of the agency houses to move into this field is quite understandable.

Yet there was a high price to be paid for this surrender of what in the long run was indeed to prove a most lucrative and growing commercial line. By the 1820s, in spite of the problems which beset the early years of the free British export of cotton manufactures to the east, the trade grew impressively. During that decade, several of the London agency houses were attracted into the business as commission agents who financed the export of British cottons and arranged their sale in India and the east in return for a handsome commission on such transactions.[34] Paxton, Cockerell & Trail were amongst these, cultivating links in the provincial industrial centres, particularly Glasgow.[35] There is evidence that this was partly in response to a growing disillusionment with existing branches of commerce conducted through Palmer & Co., notably the indigo trade, in which East India Company purchases of the commodity and its use as a medium of remittance home for British wealth, had delivered excess supply of the commodity onto the British and European markets, reducing both prices and profits.[36] Paxton, Cockerell & Trail, like the other London houses involved in the export trade from Britain, used new post 1813 agency houses, rather than Palmer & Co., to sell British manufactures in India.[37] They also began to move into other lines of business which were independent of Palmer & Co., notably shipping passengers to India. In 1832, the firm owned two of its own ships, and chartered several others for this purpose.[38] Significantly, in 1840 Sir George Larpent became Chairman of the Peninsular and Oriental shipping line.[39] Plainly, during the 1820s the London house was moving away from its earlier dependence upon on its relationship with Palmer & Co., a development presaged by the London firm's relocation into the City and its declared intention (for a time at least) to terminate its relationship with the Calcutta house. Similar developments were evident among some of the other London houses. One of the earliest to go down this route was the London house of Duncan & McLachlan, which was exporting British cotton goods as early as 1821.[40] The net effect, especially in the case of Paxton, Cockerell & Trail, was to loosen the bonds of mutual self-interest which tied them to Palmer & Co. It meant that when it became expedient for the London house to call in the Indian firm's debt, effectively ending its life, the impact on Paxton, Cockerell & Trail would be minimised, since it had long shifted the focus of its commercial activities away from the 'old colonial' trade associated with Palmer & Co. to newer and more lucrative lines linked to Britain's fast growing industrial sector. This weakening of

traditional commercial loyalties was certainly instrumental in the demise of Palmer & Co.

Crawfurd's argument that the older houses were driven by competition with the new firms into imprudent speculations is certainly borne out in the case of Palmer & Co. In 1823, Palmer complained bitterly that Calcutta was 'crowding out' with business people, making the identification of profitable lines of business increasingly difficult.[41] The expansion of the shipping fleet proved something of a commercial disaster for other reasons in addition to inflated expectations. Similarly, the high hopes for commercial plantations on Java and loans to the government of the East Indies were never realised, the former in particular failing in spite of experiments with sugar, coffee and even indigo. In 1823 a scheme to develop a steam boat project proved so costly that Palmer had to plead for additional capital investment by one of the shareholders in Canton.[42]

At about the same time, Palmer was also counting the cost of an earlier audacious but ultimately ill conceived venture. In 1819 he and another agency house merchant, J. Mackillop, agreed to invest in an ambitious project conceived by William Moorcroft, Superintendent of the East India Company stud in Bengal. The poor quality of the Company's cavalry horses convinced Moorcroft of the need to interbreed the herd with the sturdier Turkman horses of Central Asia, famous for their use by the Mongols and other marauding tribes of the region. The scheme was for Moorcroft and his partner, George Trebeck (the son of a Calcutta lawyer), to cross the Himalaya to Bukhara and the western fringes of the Chinese empire, selling British manufactures, coral and pearls to raise money to buy horses and fund other aspects of the enterprise. The East India Company authorities in Calcutta regarded the mission as an opportunity to gather intelligence of political affairs on the north-west frontier, and indeed Moorcroft maintained a detailed correspondence with members of the Bengal Council on his progress and findings. To avoid diplomatic embarrassment, however, Moorcroft's expedition needed to be seen as independent and unofficial, preserving for the Bengal government an option of what would now be called 'plausible deniability'. While Moorcroft's salary continued to be paid, the East India Company refused to fund the project or accord him any sort of diplomatic status. Hence his approach to Palmer and Mackillop for financial backing in exchange for the prospect of new commercial opportunities in Central Asia – possibly even a new route into the highly prized Chinese market. Palmer and Mackillop were sufficiently convinced to jointly provide Moorcroft with £3,000 worth of goods during the course of the mission.[43] It was, of course, a commercial failure. By June 1822, Moorcroft had been able to dispose of only a few of the wares provided to him, and found his progress hampered by the difficult terrain and the hostility of local rulers. Despairing by now of any return on his money, Palmer advised Moorcroft to 'surrender our investment as the condition of your safe return'.[44] In fact

Moorcroft persisted and eventually reached Bukhara, where he purchased horses. But the mission ended in tragic failure in 1825, when his party was robbed and he died under uncertain circumstances, allegedly of fever. Palmer and Mackillop were left to write off yet another bad debt.

Also typical of such disappointments was Palmer & Co.'s attempt to move into the lucrative salt trade on Saugor (Sagar) Island, on the coast. The plan was to extract salt from the sea by process of evaporation, and sell it to the East India Company, which enjoyed a retail monopoly of the commodity. Palmer joined a special committee of merchants which was set up in Calcutta during October 1818 to explore the possibilities of the scheme.[45] By 1820 he had acquired a large tract of land in the south of the island, which was fully cleared by the end of 1821.[46] Initially the estate was run by Palmer in conjunction with three associates until 1823 when major problems beset the project.[47] Palmer certainly entertained the highest hopes, investing Rs170,000 (about £17,000) to clear the land ready for production. Total investment by Palmer eventually rose to Rs187,000 by the end of 1823, by which time the other partners had withdrawn from the scheme.[48] It was a project fraught with risks and heavy expense from the outset. Bordering the dense mosquito infested mangroves of the Sunderbans the island itself was swampy, fever-ridden and subject to tropical storms. Communications were primitive, relying principally upon boat traffic through the channels of the Gangetic delta. Few Indian workers were readily attracted to this inhospitable place, and Palmer grumbled that he had to pay the highest rates to attract the 1,200 to 1,500 labourers needed just to clear the land for the scheme, as well as house and provide them with medical care.[49] Even fresh water could only be provided by the construction of artificial tanks. Palmer tried to experiment in the local production of food, particularly fruit, and even some effort was made to grow coffee –all with poor results.[50] In late May 1823, when still only about a third of Palmer's land was fit to begin growing crops, and about 12,000 maunds of salt had been produced, a devastating storm struck the island, flooding Palmer's estate. Palmer lamented the deaths of seven people, the destruction of all but two of the buildings he had constructed, the loss of the 12,000 maunds of salt and the total destruction of the works, wiping out the whole of the Rs170,000 investment to date.[51] Palmer resolved to carry on salt production, as did the agency house of Joseph Barretto, which also owned land on the island.[52] As early as October, new staff were being sought by several agency houses to revive salt production. Palmer & Co. wanted a Bengali-speaking European superintendent, a doctor and 800 coolies for heavy labour.[53] T. C. Plowden, the East India Company salt agent for the 24 Pargannahs was approached by Palmer with a view to securing a contract to supply the East India Company with 100,000 maunds of salt, at Rs1 per maund.[54] But almost immediately new problems arose. In early November, the new European supervisor, J. De Joncourt, complained of disobedience and lack of co-operation amongst his

overseers.[55] A further blow followed later in the month, when Plowden rejected the proposal to supply the East India Company with 100,000 maunds.[56]

Palmer resolved to continue production with a view to selling to the East India Company on a non-contractual basis at market prices. Early in February 1824 he instructed a Mr Thomas Hodges to visit Saugor Island regularly to check on progress, and to recruit another 100 coolies.[57] Hodges was deployed in part because of reports of fraud by a Mr Rees and an Indian called Hurry-narain, both overseers in Palmer's employ. Typically, Palmer forgave them their misdemeanours and kept them on.[58] The recovery did not move as speedily as Palmer hoped, however, and he was told later in the month that only 20,000 maunds of salt would be produced by the end of May 1824, instead of the planned 30,000 maunds. Palmer was so concerned that he even planned to call at the estate on his way to Java.[59] The difficulties mounted. In April, both Mr Chill and Hurrynarain fell ill, requiring Hodges to take over supervising much of the work because Rees could not be trusted.[60] Results were most disappointing. By August only 2,375 maunds had been produced for sale to the East India Company, and there were severe problems in organising transport of the commodity from the island to Calcutta; but at least Plowden the salt agent had been persuaded to pay Rs10,000 in advance for salt to be delivered in the following season.[61] A new supervisor, Alfred Robertson was appointed in October 1824, with instructions to produce 40 to 50,000 maunds of salt to meet Plowden's order.[62] But labour shortages and another severe storm in November made this target impossible to achieve.[63] By March 1825, John Palmer was deeply dismayed at the lack of progress.[64] A year later, labour shortages were still undermining the business.[65] In May this was still a problem, and Palmer had become so concerned at the cost of feeding and accommodating the workforce on Saugor Island that he refused requests for more funds for this purpose.[66] By this time, the deepening crisis which was besetting the wider concerns of Palmer & Co. distracted the partners, and the Saugor estate was allowed to lapse into unproductive inertia. As a result, the report of the Saugor Island Society published on 11 January 1830, just a week after the failure of Palmer & Co., noted that the productive capacity of Palmer & Co.'s salt works was a mere 25 to 30,000 maunds, well below the level planned just five years earlier. This had to sustain enough profit to pay a workforce of almost 400, in addition to cover the very high costs incurred in land reclamation, housing and protecting the estate from the sea.[67] The project was, in brief, a disappointing failure.

The Saugor Island episode was yet another example of the desperate schemes pursued by the agency houses at a time of intense competition and deepening economic gloom. While Palmer & Co., were certainly not alone in their efforts to develop a working enterprise on the island, it is significant that when the society reported in 1830 neither Joseph Barretto & Son, nor Davidson & Co. were identified as estate owners. They had long given up on

a lost cause. John Palmer's persistence is hard to comprehend, but it was not surprising when one considers his behaviour elsewhere. On Java, Palmer's tried several different crops over almost ten years in his efforts to develop Tjikandi Ilir, though he did try to sell the estate on several occasions.[68] Both episodes suggest both a dogged stubbornness and an inability to accept harsh commercial reality. The failure of the Saugor Island project was in part a result of Palmer's tendency to rely naively on the optimistic forecasts of subordinates with jobs to keep, and his leniency towards those who did not deliver or deceived him. It was also probably borne out of his deepening anxiety at the downward turn in the fortunes of all aspects of the house's business in the 1820s.

The argument particularly favoured by Tripathi and Kling, that it was the destabilising factors of the effects of liberalisation of the India trade in 1813, the collapse of European demand for indigo in the 1820s, and the financial consequences of the Anglo-Burmese was of 1824–1826 that triggered the failures of the early 1830s, is certainly also borne out in the troubles which beset Palmer & Co. during this period. The oversupply of shipping which proved so difficult for ship-owners and shipbuilders in Calcutta was felt particularly acutely by the firm, which had the largest fleet in the capital by the early 1820s. So severe were their problems that Prinsep records that a decision was taken in 1822 to gradually reduce its size.[69] From 24 ships in 1823, the fleet was reduced to just 8 vessels in 1828.[70] Interestingly there appears to have been some conflict within the firm about this decision. In 1829, Palmer regretted that the firm had dismantled its fleet 'just as they were beginning to give promise'. He estimated that at its height, the firm's fleet numbered 'upwards of 40 ships', suggesting that it owned or partly owned vessels in ports other than Calcutta. This would explain why Phipps and the *East India Registry and Directory*, which were based on the official records of the city, estimated the fleet to consist of only about 24 ships at its zenith. By 1829, claimed Palmer, the firm owned only two vessels.[71] He grumbled to another correspondent that this decision had been made too hastily, as the Burmese war 'would have rendered our flotilla golden argosies'.[72] But the other partners in the firm had reasons other than the depressed state of trade to compel Palmer to accept this reduction.

The slump in the indigo market in the 1820s certainly hit Palmer & Co. hard, and threw into doubt the whole basis of John Palmer's strategy for managing the firm's portfolio of indigo producers. As shown, before the early 1820s, the house had adopted a liberal policy towards indigo debtors in response to the volatility of international demand for the commodity and the relative poverty of many indigo producers, which made then extremely vulnerable to sudden contractions of demand and price. Consequently, by the early 1820s Palmer & Co. were owed vast debts, many of which were proving to be doubtful or bad. In the early 1820s, both the London corre-

sponding house and Palmer's partners in India compelled him to accept the adoption of a tougher line with debtors, introducing a tighter regime of inspection, and the imposition of terms which secured Palmer & Co.'s rights to ownership of the indigo factories, in the event of default.[73] But it is clear that even this stricter regime of debt management was to prove inadequate for a number of reasons. Firstly, there was a sudden upturn in the indigo trade in the early 1820s, which resulted both in an increase in the number of indigo producers and an expansion of credit to them by the agency houses, including Palmer & Co.[74] By May 1822, Palmer was upbeat about the opportunities for high returns on indigo investment because of the buoyancy of the markets for the commodity in France and the USA.[75] The upshot was a significant growth of the debt owed to Palmer & Co. by their indigo producing clients. Consequently, when the slump of the mid-late 1820s came, the firm was heavily exposed to debt default, irrespective of its attempts to minimise risk by more scrupulous monitoring of debtors and debts. A second difficulty was that the main strategy for preserving Palmer & Co.'s interest in indigo advances, namely the insistence upon foreclosure conditions on the property of indigo debtors in the event of default, proved ultimately to be of little value. When the firm failed in January 1830, it proved impossible to sell the estates for anything like their original estimated value, and in fact the estates had to be continued in operation by those assigned to wind up the firm's affairs following the insolvency proceedings.[76] A third problem was that in spite of their efforts to restrain him, the other partners were unable to prevent Palmer continuing to indulge his impulsive generosity and leniency towards debtors. One example in1823 was truly shocking. A close friend and client of John Palmer, a Captain Hunter in the army of the East India Company, was forced to resign from the service following accusations of fraud. In response to desperate requests from his friend for help, Palmer purchased an indigo factory for the disgraced captain on condition that the debt be repaid as a priority from the commercial operations of the factory. Palmer was oblivious to all protests against using the house's diminishing resources to support a friend of dubious trustworthiness, and Hunter duly took charge of the enterprise.[77] The folly of Palmer's gesture was compounded by the damage it did to the already deteriorating relationship between the partners in the firm. Thus the effects of expansion of the firm's advances in the early 1820s, and the ineffectiveness of efforts to minimise risk and restrain Palmer's impulsively generous nature, meant that the indigo slump of the late 1820s cost the firm very dearly indeed.

As the clouds gathered in the late 1820s, Palmer comforted himself that at least his firm enjoyed unparalleled support within the Indian commercial community, which could be called upon to secure access to additional credit in a crisis. Palmer's boast in 1827 that his house enjoyed a degree of confidence on the part of Indian merchants unmatched by the other houses seemed to be

extremely well founded.[78] But events were already undermining Indian confidence in all European capitalists. The deepening gulf between the Indian and European communities, and the increasingly contemptuous attitude of the latter towards the former undoubtedly played their part in this process. In addition, the failure of Mercers in 1826 had hit its Indian creditors hard, and even Palmer's firm itself was not invulnerable to the general disillusionment which was setting in. Prinsep recalled a domestic incident in the household of Roggoram Gosain in 1828 which suggested that some prominent Indians were aware of Palmer & Co.'s impending plight. Roggoram's brother had taken up residence in the *banian*'s home as family *guru*, and had demanded that Roggoram make over half of his property to him, in accordance with Brahmin tradition. Prinsep believed that 'the family, forseeing difficulties, were bent upon separating so as to save a portion of their wealth too seriously involved with all our money transactions'.[79]

But it was in 1829 that the full impact of Indian suspicions was felt. In that year, the grave financial position of Palmer & Co. was the subject of much rumour, and Prinsep recalled a meeting of the all the great agency houses on 18 February to discuss financial assistance to Palmers. Significantly, on the advice of the meeting Prinsep approached one of the leading Indian bankers in Benares for financial help.[80] While the outcome of Prinsep's visit is not recorded, it must have heightened Indian concerns about the solvency of the firm. If this was not bad enough, the houses were hit by a series of forgeries of Government securities and agency house promissory notes. At first, Palmer believed that he had escaped these, but it is clear from Prinsep's memoir that this was not the case.[81] A serious panic set in among the Indian merchants in Calcutta, who were already disillusioned by their sufferings at the hands of failing European capitalists. In late 1829 Palmer & Co.'s credit among Indian moneylenders simply collapsed. All of the agency houses raised money from the Indian commercial community by the issuing of promissory notes which carried high rates of interest. By the last months of 1829 Palmers were simply unable to raise money in this way any longer; a fact which was apparently made known to the London house. Significantly, Larpent cited this difficulty as a reason for the failure of Palmer & Co. in his testimony to a parliamentary select committee.[82] Notwithstanding the very real efforts of Indian businessmen to rescue Palmer & Co. early in 1830, in the months before its failure even they no longer believed in the security of the firm. Whatever gratification Palmer felt in 1830 about Indian efforts to rescue Palmer & Co. must have been spoilt by shocking revelations which were to emerge about the role of Indian employees in bringing the house down.

Earlier accounts which stress the importance of external factors in the failures of 1830 to 1834 have not had the benefit of insight into the internal management and strategies of the houses. In the case of Palmer & Co., during the 1820s a number of very serious flaws became apparent, which

unquestionably contributed to the failure of the house, not least by destroying what remained of the fragile confidence of Paxton, Cockerell & Trail, the principal creditor of Palmer & Co. The London house became progressively disillusioned with Palmers during the 1820s. The latter firm's deteriorating fortunes obviously contributed to this, but so also did the emergence of a new, younger generation of partners who were less inclined to accept Palmer's methods of operation once they became aware of their precarious nature. In March 1818, Alex Caulfield, a partner in the firm and one of Palmer's oldest friends and associates, drowned when his boat capsized crossing the Hughly river during a storm.[83] Early in 1819 the young William Prinsep, then only 24 years old, joined the firm having only been in India since August 1817 but already having established a sound reputation for himself in the silk trade, working for Cruttenden, Mackillop & Co.[84] He joined and was trained by another young man, Edward A. Newton, a 34-year-old American who had been in India since 1805 and who had taken over the commercial department from Caulfield.[85] In 1820 a young former Captain in the East India Company army, John Studholme Brownrigg, joined the house. Brownrigg invested all his savings in Palmer & Co. and insisted upon the closest possible scrutiny of the books before consenting, indicating a certain scrupulous caution which was unlikely to sit well alongside John Palmer's cavalier approach to business.[86] His arrival almost coincided with the departure of a retiring partner, P. Maitland.[87] Significantly he took Maitland's role in dealing with the correspondence with the London house. Maitland was a close friend of Sir Charles Cockerell, and had been placed in Palmer & Co. to protect the London firm's interests and keep it informed about how the Indian house conducted its affairs. Very quickly, Brownrigg was also to emerge as a close confidante of the London men.[88] Also in 1820, Henry Hobhouse, Palmer's son-in-law, returned to take up his partnership duties after a long sojourn in Britain. Palmer had bitterly condemned Hobhouse for his absence because the firm was short handed, and he suspected that Hobhouse intended to leave it in the lurch.[89] Other additions to the partnership in the 1820s included George Prinsep, who joined the house in 1825, and Charles, John's son, who became a partner in 1822.[90] This new generation of partners sought to rein in Palmer's impulsive and excessively liberal business practices. Their efforts came too late to save the firm and stimulated bitter internal strife. What the new men found deeply shocked them; the firm was the victim of widespread fraud and a complete disregard for prudent commercial practice, which showed up the 'prince of merchants' as a rather naive dupe.

William Prinsep, who took responsibility for overseeing the firm's shipping fleet, was appalled by what he found. Palmer & Co., like the other firms, had minimised the cost of building a fleet quickly by arranging joint ownership with many of the ships' captains in its employ. The relationship between the firm and these men was thus a kind of partnership, in which investment in

cargoes and profits on sale were shared between the captains and Palmer & Co. Prinsep found that the firm had been systematically defrauded by virtually all of the ships' captains. Prinsep complained that he 'found scarcely one honest man among them', and was aghast at Palmer's naive acceptance of the flimsiest excuses for the poor returns they offered.[91] In his memoir, Prinsep offered an anecdote by way of illustration. In 1822, the Palmer & Co. ship *Robarts* set off from Batavia with a cargo of sugar and coffee bound for the Cape of Good Hope, where the Captain sold it for a handsome profit. The *Robarts* was sent to Calcutta, whilst the Captain concluded this business, and the firm duly expected to receive its share of the venture. But neither money nor news was forthcoming, and Brownrigg, due to visit England, was instructed to call at the Cape en route to London to secure Palmer & Co.'s interest. Brownrigg even used the *Robarts* for the voyage. To his astonishment, on his arrival at the Cape, he was served with a writ by the Captain, which charged Palmer & Co. for Brownrigg's use of the *Robarts*. The Captain had become a *burgher* (local citizen) and this gave him daunting legal rights. Brownrigg had to pay up, and although subsequent legal action led to substantial recovery for the firm, Prinsep sourly remembered that 'very little came back into our coffers beyond the proceeds of the sale of the ship'.[92] Apparently such calamitous failure and loss was typical in the firm's shipping business.

Another of Palmer's strategies to protect the firm's interest was also condemned by Prinsep. Beginning early in his career with Palmer & Co., Palmer insured the lives of many of the firm's client debtors to cover their debt to the house, itself a questionable use of the firm's resources in Prinsep's view. The temptation for those with particularly burdensome debts to disappear and feign death proved irresistible in some cases. Prinsep recalled the sudden arrival in 1823 at Palmer & Co.'s office of a Mr Ship, who urgently wanted to see Mr Palmer, then out of town. It emerged that Ship owed Palmer & Co. some Rs300,000. Hobhouse, who dealt with Mr Ship, discovered to his horror that Palmer & Co. had recently claimed that sum on a life insurance policy, following the publication in *The Times* of Ship's obituary. It transpired that Ship had feigned death in England to escape his creditors there. Palmer & Co. duly had to repay the insurance award, and as Ship was penniless, was unable to recoup their loss from the original source.[93] Debtors' insurance was also used by Palmer in an accounting sleight-of-hand which reduced the stated quantity of bad and doubtful debts in the books of the firm. Palmer set off against the bad and doubtful debts the hypothetical payouts which would accrue to the firm in the event of the deaths of these debtors; thereby reducing superficially the apparent quantum of bad debt carried by the house. This was one reason why Paxton, Cockerell & Trail's impatience with the liberal debt policy of Palmer & Co. was kept in check for so long. Crucially, the other partners, particularly Brownrigg and Hobhouse, discovered the practice and insisted upon its discontinuance in 1824.[94] Thereafter a much more accurate

and damaging picture of Palmer & Co.'s affairs was available to the London firm. The return in 1824 of Brownrigg to join the London house, with information about how Palmer had been previously engaged in such dubious practices, must have deepened concerns about the veracity of Palmer's reports on the state of the Indian house, and contributed significantly to the decision to call in the debts to the London house in 1829/30.

But following the demise of Palmer & Co. even more startling evidence emerged about the susceptibility of the house to serious fraud. The speculative nature of many of the firm's activities and its banking role required that large sums of cash be kept on hand in the strong boxes of the firm. Palmer himself had taken charge of cash security and records when he joined Barber & Palmer in 1793.[95] An example of the importance of ready cash is provided by Palmer's ability to respond instantly to a request in November 1801 for a cash loan of Rs100,000 by Sir Home Popham, a Royal Navy officer.[96] Upon the merger between Barber & Palmer and Cockerell & Trail in 1802, Palmer arranged for the cash affairs of the new firm to be supervised by three Indians, closely related by kinship: Gunganarain Doss (who supervised the other two), Comulcaunth Doss and his son, Sibchunder Doss.[97] They were three of a group of Indian merchants and clerks in whom Palmer had the greatest trust and confidence, and they remained in charge of cash management and some of the firm's transactions in government securities until the fall of the house in 1830. But in July of that year, the men assigned by the Insolvency Court to handle the operations and winding up of the bankrupt firm discovered that the Doss family had been defrauding the firm virtually since their appointment, nearly thirty years earlier. From 1807 they had maintained two separate records of daily cash on hand: an accurate one for their own eyes only, and a fictitious one for the firm's books.[98] The latter disguised the fact that they had been pilfering cash from the firm throughout the whole period, and had extracted at least Rs20 lakhs during the period (about £200,000).[99] To place this in context, it is worth recalling that the debt owed by Palmer & Co. to Paxton, Cockerell & Trail, which brought the Indian firm down, was Rs60 lakhs (about £600, 000); clearly this was fraud on a scale which contributed materially to the failure of Palmer & Co.[100]

To make matters even worse, it became clear that lack of systematic supervision of a branch of activity so vulnerable to theft, and a general carelessness on the part of Palmer himself, had contributed significantly to the problem. Palmer recalled with dismay that in 1816 he had entertained suspicions about the conduct of Gunganarain Doss, but had suppressed them out of a sense of personal loyalty.[101] Though he decided to move Gunganarain Doss from the commercial department in favour of Roggoram Gosain, crucially the former retained his position of authority over cash matters – and the fraud continued undisturbed. One can only imagine the bitter disillusionment Palmer must have felt when this deception came to light. His self perception as the friend

of the Indian, and the expert in mercantile dealings with them must have been shattered completely. A profound sense of bitter betrayal must have prevailed, and indeed shared by other Europeans when word of the scandal circulated. Certainly the perpetrators of the fraud seem to have been singled by the authorities for salutary chastisement. Comulcaunth and Sibchunder Doss in particular were targeted by the Bengal Bank as endorsers of bills issued by Palmer & Co. and held by the bank. Consequently they suffered severely when the bills became worthless when the firm went under. Much of the property of Comulcaunth and Sibchunder was seized in 1831, as a result of the Bengal Bank's action, including Comulcaunth's *zamindari* in Midnapore. They were effectively driven from the business scene forever. Bagchi is undoubtedly correct to see these seizures (and attempts to do the same to other prominent Indians connected with the firm such as Roggoram Gosain) as indicative of unfairness in the insolvency legislation of the time, which treated Indians far more harshly than Europeans. But it is hard not to conclude that the involvement of some of the Indian merchants in such a damaging fraud against Palmer & Co. played a part in the hard and almost vindictive line taken by the Bengal Bank and the courts.[102]

As the affairs of the business descended into a desperate state in the latter half of the 1820s, even some of the partners resorted to cheating the firm. Some of the younger partners, increasingly horrified and dismayed at the mismanagement of the house's affairs by the 'prince of merchants', and by the deepening crisis in its affairs, plotted their escape to more secure and lucrative careers at home. In February 1832, one of the angry creditors of the firm, George Lycke, accused Brownrigg of secretly and illegally taking Rs8 lakhs from Palmer & Co. when he left to join the London house in 1824.[103] He also alleged that an un-named partner had arranged for the withdrawal of 250 chests of indigo from Palmer & Co.'s *godown*s (warehouses), just a day before the firm was declared insolvent.[104] Such behaviour was actually symptomatic of a much deeper malaise within Palmer & Co. and one which probably affected all of the agency houses to a lesser or greater degree. The fact was that few if any of the partners in the agency houses regarded their positions as permanent, or even their principal choice of occupation. Most partners aimed to make as much money as quickly as possible to finance their entry into a London corresponding agency house, and the acquisition of a new lifestyle of wealth and status at home. As a consequence few partners felt much loyalty to either the house or their colleagues. This detachment was compounded by the need for the agency houses to divide their diverse activities into separate departments, and allocate responsibility for them to different partners. As a result, it was not uncommon for partners to have little grasp of the overall position of the firm, or even for them to develop an adequate collective sense of strategy or purpose. This lack of an *esprit de corps*, combined with a sense of isolation from other areas of the business tended to breed acute anxiety and

suspicion when the business was not going well. Matters were compounded by the fact that few of the men recruited to the houses had much previous business experience. Most had come directly from the East India Company's service, or had arrived recently from home. The Prinsep brothers had been seen by Palmer as highly desirable, given their family background in the silk and indigo businesses, and their connections with influential relatives in the East India Company administration. But they were the exception. The fact that Palmer resorted to enlisting his son Charles as a partner, who entertained not an ounce of enthusiasm for a business career, illustrates just how difficult it was to acquire talented men for the firm. In addition, corresponding houses in London, whose own interests were bound up with the fortunes of their Indian counterparts, found it prudent to cultivate a partner in the Indian firm who would keep them informed of developments and look after their interests, an arrangement which further heightened suspicion between the partners. The upshot was that in a crisis, agency house management had a tendency to disintegrate into mutual recrimination and a selfish scramble by individuals to protect themselves at the expense of their colleagues. In the case of Palmer & Co. this seems to have been precisely what happened. In the words of George Lycke, its behaviour showed:

> how industriously attentive the partners were to their own interests, and how they traded for their separate benefits, not at all taking into consideration that the moneys, goods and remittances abstracted from the concern ought to have been used for the good of the concern in general[105]

Such generic trends towards self-destructive individualism were compounded in Palmer & Co. by a culture of abrasive conflict, which to a large extent was the fault of John Palmer himself. Palmer's squabbles with William Logan have already been mentioned, but he was not the last to be criticised by Palmer, who had an unattractive habit of blaming others for commercial setbacks. Even those close to him were targets for his ire. Alex Caulfield, John's lamented ex-partner after his death in 1818, was readily blamed in 1810 when a Mr W. Burroughs criticised Palmer for the mishandling of his exports of raw cotton to Britain.[106] In 1820, Palmer received P. Maitland's decision to retire from the firm with a savage attack upon his extravagance, and an accusation that Maitland had been secretly withdrawing money from the house since 1813.[107] Neither friend nor relative was spared Palmer's vitriol. Henry Hobhouse, Palmer's son-in-law, joined the firm in 1814 but because of illness, and also one suspects because of his strained relationship with Palmer, he spent nearly four years from 1816 in England, bringing upon himself the vituperation of his father-in-law, who desperately needed Hobhouse working for the firm in India.[108] But in the new, younger generation of partners, among whom numbered the Prinseps, Brownrigg, Newton and of course Hobhouse himself, Palmer encountered men less in awe of the 'prince of merchants',

who quickly came to see his faults, especially as the firm moved into the troubled years of the 1820s.

The efforts of the other partners to rein in Palmer's impulsive generosity towards the firm's debtors have been noted. All of the partners seem to have united against Palmer in respect of his speculations on Java, and one by one they made this clear to him.[109] Crucially, Palmer's whole handling of the house's affairs, including his debt policy and manipulation of the firm's life insurance policies on clients, was challenged by the other partners in autumn 1824. They waited until Palmer was on one of his regular trips to Java to attend to the firm's interests there before they made their move, calculating that it would be easier for them to formulate their plans and present the prince of merchants with a *fait accompli* which he would have to accept. Brownrigg had just returned from a visit to London, where he had clearly discussed matters with the London house, and had secured their agreement to some of the changes he and the other partners were about to impose on John Palmer.[110] All of the transactions which Palmer had engaged in on his own account were to be brought under the control of the firm, and his business expenses severely curtailed. They also dictated terms under which Palmer & Co. resumed its relationship with Paxton, Cockerell & Trail.

While Palmer swallowed the bitter pill of the new regime imposed upon him, his resentment was all too clear: 'I seem dragooned into a measure' he grumbled, 'which could only be palatable if voluntary; and when founded on bases of which I should recognise the justice'.[111] The impositions of his partners did not, however, end there. Palmer was also instructed to reduce his drawings on the firm, and to adopt a much more frugal lifestyle than had hitherto been his custom.[112] Palmer's son-in-law, Sargent, was to be admitted to partnership in the firm on 1 May 1825 to replace Brownrigg, who was returning to join Paxton, Cockerell & Trail. Palmer seems to have had no say in this decision. Palmer acquiesced in all of the terms imposed by his colleagues, protesting only weakly at the decision to reduce interest payments to constituents, on the grounds that this would drive them into the arms of rival houses.[113] Cockerell & Trail (Paxton had recently died), most likely encouraged by Brownrigg who had recently returned from London, also called Palmer to account for the huge losses incurred through their involvement in Deans, Scott & Co. on Java. In addition they reminded Palmer that he owed the London house over £23,000, and that they expected that this would be substantially reduced in the near future.[114] Following Brownrigg's departure, Hobhouse took responsibility for keeping Palmer in check. In December 1824, Hobhouse reiterated that all of the steps taken on debts, life insurance, and the economies on salaries and expenses were essential for the firm's survival, and laid out plans drawn up by the other partners for paying off some Rs65 lakhs of debt within the next five years, including Rs15 lakhs owed to Cockerell & Trail. The latter commitment undoubtedly reflected the fact that Hobhouse, like Brownrigg

before him, fully intended to join the London firm at the earliest opportunity. Hobhouse seemed to delight in emphasising the incompetence with which Palmer had handled the business, which he claimed had plagued the firm since 1811. Hobhouse said he and the other partners had been planning to overturn these erroneous practices for over 18 months.[115] In spite of the fact that he was John Palmer's son-in-law, Hobhouse harboured much ill will to the older man. In addition to longstanding differences over business affairs, Hobhouse's marriage to Palmer's daughter was a stormy one, provoking Palmer's deeply protective instincts towards his daughter. Hobhouse even claimed that Palmer had only admitted Hobhouse to the firm to shore up his son-in-law's faltering marriage.[116] Given the bad blood between the two men over these issues and Hobhouse's earlier reluctance to return to India, the latter's high-handed tone must have been especially galling for John Palmer, now reduced in stature and power within the firm.

Even worse must have been the gradual realisation that all of this personal humiliation and imposed personal economy would be to no avail. The financial circumstances of the firm went from bad to worse. By 1826 the heavy drain on Palmer & Co.'s resources due to heavy interest payments to constituents and the slump in indigo forced the firm to desperately implore its friends for help. Palmer approached Indian and European friends for loans, usually in excess of a lakh of rupees each.[117] Financial aid from government in 1827 could only delay the inevitable; for all the efforts to tighten belts, it was becoming increasingly clear to the partners that they were fighting a losing battle. Some of the partners were lucky. Hobhouse retired to England some time in 1825 or 1826, while Newton returned to the USA.[118] Palmer noted with some bitterness that both Brownrigg and Hobhouse had taken hefty sums with them, ostensibly representing the value of their respective shares in the firm, but in reality exceeding their true worth by a significant margin.[119] The new men who joined the firm in this period, including Charles Palmer, George Prinsep and Robert Jenkins, were not so fortunate, and would taste the full despair of failure. By 1829, when the likelihood of failure loomed large, the psychological strains were becoming all too clear. The summer of 1829 saw a slump in the Bengal economy, exacerbated by forgeries of government securities and agency house promissory notes, triggering widespread rumours that another round of commercial failures was inevitable. William Prinsep remembered the acute anxiety of this time:

> I can never forget the terrible distress and agony of mind I was in both day and night, knowing the danger but unable to forsee the consequences which as usual are so much more terrible in their anticipation than in reality, and here I must record my belief in the efficacy of prayer. I used to row myself in my little skiff into the middle of the stream and there alone literally poured out my agony in prayer that I and mine might be saved from the disgrace which appeared so surely to fall upon us when all the circumstances of our position should be laid bare.[120]

John Palmer, by now an old man, had ill health to cope with as well as the worries of impending failure. In 1827 he suffered from a severe inflammation of the eyes which nearly blinded him.[121] He was also desperately worried about the future. In a letter to an old friend, Major General Hardwick in London, Palmer referred to circumstances which served to '… estrange and divide me from persons I continue to love with all my heart'.[122] Significantly, Palmer's wife had left India for London in 1826, and though Palmer expected her to return within a year or so, she never seems to have done so.[123] When the firm went under she was still in England, and Palmer now wondered desperately how he could provide for her.[124] Coupled with the disgrace of failure was separation from spouse and a considerable portion of family who had returned to England. For such an insecure family man as Palmer this could only have compounded the misery which was now upon him. Prospects must have seemed bleak indeed, especially after the failure of the house in January 1830.

The failure of Palmer & Co. was thus in part the consequence of external factors: the destabilisation of the Indian economy by the liberalisation of trade between Britain and India in 1813, the indigo crisis, the effects of the Anglo-Burmese war and the cumulative effects of deteriorating Anglo-Indian relations. But it was also the result of major defects in the management and organisation of the house: particularly dubious practices in debt control, a complete absence of effective accounting and cash security arrangements, and an increasingly poisonous relationship between partners of varying talent and honesty, most of whom felt little loyalty to the firm. These micro-economic defects were at least as responsible for the failure of January 1830 as were the external factors; possibly even more so, since wiser leadership and management might have steered the firm away from the imprudent commercial practices and large losses on bad debts which seem to have been at the heart of Cockerell & Trail's collapse of confidence. Had wiser heads ruled since the 1810s, perhaps the calamity would have been averted.

An interesting question is the extent to which the other houses suffered from the same defects of leadership and commercial principle which brought Palmer & Co. to its knees. This is not easy to say with any certainty, since this is the first ever detailed study of the strategies and organisation of one of the houses. It would be surprising perhaps to uncover in the other houses such a catalogue of risky commercial practices. Certainly the reaction to them of the younger partners in the 1820s suggests these were highly unusual. It should be remembered that William Prinsep, in spite of his youth, was no novice in business affairs, having joined Palmer & Co. from another agency house, and he certainly remained deeply unimpressed by John Palmer's methods. A key factor in Cockerell & Trail's decision to scupper Palmer & Co. in 1829/30 was undoubtedly Brownrigg's revelation of the financial indiscretions of the house, again suggesting that its strategies were regarded as perverse and abnormal

by contemporary standards. It also seems to be the case that Palmer's global reputation for liberality to debtors and clients set the firm apart from its contemporaries, as did its acknowledged closeness to the Indian mercantile community.

On the other hand, it should be remembered that the basic structure and financial principles upon which all of the houses were based were fundamentally the same: all acquired the capital of others by the provision of banking services, and used it for roughly the same range of speculative activities. All must have had to suffer hefty levels of bad and doubtful debt at times, as well as dishonest ships' captains and light-fingered employees. All of these point to Palmer & Co.'s flaws being endemic in all of the houses, if taken to an extreme in its particular case. Certainly the views of contemporaries such as Larpent and Crawfurd that there were generic faults in the traditional agency house system and structure seem well founded. Palmer & Co.'s failure in 1830 destabilised the other houses, not least by shattering the confidence of the Indian and European investors upon whose resources the agency houses ultimately depended. Given that a propensity to bad debt was probably widespread throughout the houses, it may well be that even had Palmer & Co. avoided failure in 1830, the system itself was so vulnerable as a result of the external problems cited that eventually one of the other agency houses would have crashed around this time – and Palmer & Co. would probably have been swept away by the consequences of that failure in the same way that others were destroyed by its demise in 1830. In short, it does seem that the old agency house system had probably run its course. From the debris of the financial cataclysm which ensued, a new commercial order would have to be constructed.

Seven

JOHN PALMER'S LIFE AND LEGACY

THE DECISION by Cockerell & Trail to demand repayment of Palmer & Co.'s debts was, as has been shown, the decisive factor which brought the Indian house down in January 1830. The other firms were consulted, but were ultimately not prepared to bail out Palmer & Co., prompting suspicions among Palmer and his colleagues that they hoped to profit from Palmer & Co.'s fall. While this ultimately marked the end of Palmer's status as a merchant prince, it was some months before this became fully certain. Moreover, it was not the end of Palmer's career, and how he conducted himself at the end of his life is vitally important for any balanced account of the man and his values. The final task is to chart his last few years, and offer an overall assessment of the significance of his career and the approach to business his agency house represented. Inevitably this involves consideration of the debate about the causes and consequences of the demise of the great agency houses, as well as the system of Anglo-Indian commerce which emerged to replace them.

As calamitous and humiliating as the decision to hand the affairs of Palmer & Co. to the Insolvent Court must have been, John Palmer probably felt relieved that the months of trying to conceal the parlous state of the firm from its constituents and the public had finally come to an end. Inevitably there was humiliation, shame and anxiety. A day after the house finally closed its doors, Palmer wrote to Hobhouse that his despair at seeing his family made destitute was compounded by the thought of the thousands who now stood to lose everything because of him.[1] A few weeks later, however, there was a brief hope that the firm's Indian creditors would rally and rescue the firm, allowing it to recommence trading.[2] On 24 January, a group of Indian creditors owed Rs40 lakhs by the firm met and constructed a recovery plan, calling for the European creditors to support it.[3] Palmer frantically lobbied influential contacts in London and Batavia to persuade the firm's British and European creditors to lend their support to the scheme.[4] At a crucial meeting of the firm's creditors on 13 February 1830, it was agreed that a formal request be made to the Insol-

vent Court that Palmer and the other former partners in Palmer & Co. be appointed as assignees mandated to continue the affairs of the firm until such time as the views of all of the creditors of the firm could be ascertained on the proposed rescue plan. It was a bid to keep the firm alive long enough for its creditors to save it from failure. The creditors at the meeting even agreed to waive 25 per cent of their debts, and allow Palmer & Co. up to seven years to make good the rest.[5] But even at this moment of almost hysterical optimism, Palmer harboured nagging doubts – not least because the firm's books were in such disarray that no ready figure of just how much it owed could be offered to support the creditors' proposal.[6] Sure enough, the Insolvent Court refused to consider a rescue package until such time as accurate schedules of the firm's assets and liabilities could be produced.[7] By early March, however, Palmer had gleaned sufficient information from the firm's books to conclude that the sheer scale of Palmer & Co.'s debts, particularly those connected to trusts, would prevent any hope of reinstatement.[8] By the middle of the month, Palmer had conceded that the firm was finished.[9]

Yet the long and arduous job of winding up the business and seeking to offer some measure of redress to the thousands who had suffered at Palmer & Co.'s hands was just beginning. It was clear that many of the firm's creditors might have to wait years before they could recover anything from the wreckage, a fact which grieved Palmer deeply. He was distraught by the large number of the widows and children solely dependent upon the firm's trust portfolio who now faced abject poverty. Palmer even pledged Rs50 a month out the few hundred allowed him by friends and family to a Mrs Stevenson, a creditor in particularly difficult circumstances.[10] Palmer hoped desperately that in the course of the London firm's efforts to reorganise its affairs in India it would try to help at least some of Palmer & Co.'s creditors. When Captain Richard Howe Cockerell (nephew of Sir Charles Cockerell) arrived in Calcutta with Mr Thomas Speir in April 1834, charged with establishing a new house through which Cockerell & Trail could conduct their business, it seemed to Palmer that at least some provision might be made to ease the suffering of his creditors. But an interview with R.H. Cockerell quickly made it clear that there was no intention to alleviate the suffering of these people. Because of this omission, Palmer declined an offer of employment in the house in some capacity in the future, though he did agree to promote the new firm of Cockerell & Co. to potential constituents.[11] Palmer seems to have been as good as his word. In August 1831 he introduced a Mr Kierulf, one of Palmer's correspondents in the Philippines to Cockerell & Co.[12] In the event, the winding up of Palmer & Co.'s affairs was to be a lengthy, exhausting and bitter process.

Cockerell & Co. opened its doors on 4 June 1830, advertising itself as a house of agency connected to Cockerell & Trail in London.[13] However, it quickly became apparent that the new house's relationship with the London

firm would be very different from that which existed with Palmer & Co., and would reflect the new priorities and business interests of Cockerell & Trail. The role of Speir in Cockerell & Co. revealed the extent to which the London firm had departed from its formerly close relationship with Palmer & Co. Speir was a Glaswegian, whose involvement with Cockerell, Trail & Co. had grown during the 1820s, as the London firm moved into the export business in British manufactures. So important had these industrial connections become by 1830, that Speir's brother in Glasgow had organised credit worth £100,000 to enable the London firm to sustain its dealings in Scotland, an arrangement which was probably made to enable Cockerell & Trail to weather the storm likely to descend upon it when it foreclosed on Palmer & Co.'s debts.[14] Henceforth, the London firm would impose strict controls over the activities of its new Indian partner, preventing its engagement in banking and dangerous speculation. Cockerell & Co.'s main function would be to act as Calcutta agents for the London firm in its export operations in British manufactures. The tighter rein exercised from London in the case of Cockerell & Co. was a template for the new order of relations between the London houses and their Indian counterparts. As B.B. Kling shows, the London East India agency houses imposed much closer scrutiny on the new houses which were established during the 1830s to replace the older ones which failed between 1830 and 1834.[15] While this certainly helped restore the confidence of London financiers in the eastern trade, it did not ultimately prevent a repeat of the crisis of 1830–1834, and in 1847/8 there was a fresh wave of agency house failures which brought devastating consequences for the London firms. This time Cockerell & Larpent of London (as it had become) did not escape the ravages of commercial instability. They, together with Cockerell & Co. of Calcutta, were swept away with over a score of London firms.[16]

But whatever hopes the former partners of Palmer & Co. entertained about the prospect of Cockerell & Co. emerging as an ally were dashed by a legacy of personal animosity between them and those former partners who had retired to Britain during the 1820s. Only weeks after the failure of Palmer & Co. Palmer criticised Hobhouse and Brownrigg for not responding to his request, made in the late 1820s, that they return to India to help the firm.[17] As had always been his fashion, Palmer hinted to friends that he had not been responsible for the mismanagement of the firm's affairs, which had been the fault of the other partners, some of whom had been eager to get out.[18] He grumbled bitterly about Brownrigg's and Hobhouse's substantial withdrawals from the house before they retired.[19] These smouldering resentments were ignited by several developments. During 1829, disappointed by Brownrigg's refusal to return to India to help with the crisis, Palmer had written him several letters which laid a hefty share of the blame for the firm's predicament on Brownrigg's shoulders. Palmer claimed that Brownrigg had misrepresented the dire state of the house's finances, leading him to believe that affairs were

'staunch' when in reality severe danger was looming. Brownrigg furiously denied this in March 1830, arguing that Palmer and the other partners had been far better acquainted than he with the parlous state of the firm. In particular, Brownrigg bluntly refused a demand form George Prinsep that he pay Palmer & Co. £45,000, being the sum that Brownrigg had allegedly and illicitly withdrawn from the house on his retirement in 1825. Brownrigg added that though he would be returning to India for a brief period as an agent of Cockerell, Trail & Co., he had absolutely no intention of becoming embroiled in the affairs of any of the Calcutta agency houses.[20] On receiving this letter, Palmer issued an immediate rebuttal, which widened the scope of his attack to include Hobhouse and Edward Newton, both of whom had joined Brownrigg in making large withdrawals from the firm on their respective retirements. Palmer claimed that they had colluded in adjusting the accounts to make it appear that their withdrawals were justified both in terms of their deserts and in the capacity of the firm to pay them.[21] Palmer's bitterness was intensified by the fact that Brownrigg had managed to avoid liability for claims related to trusts arising from the fall of Palmer & Co.[22] Relations between Palmer and his son-in-law Hobhouse were also in terminal decline. In July 1830 he noted that he had not heard from Hobhouse since the previous autumn.[23] No word was forthcoming by late August and Palmer expected not even nominal 'common courtesy' from Hobhouse, whose 'naturally bad temper' would be inflamed by the damage the fall of Palmer & Co. would do to his aim of becoming an East India Company director.[24] Even when Hobhouse did get in contact in October with belated news of the family in England, Palmer's response was cold, blaming the 'artificial fabric' of the financial accounts created by the other partners' efforts to curb Palmer's control over the firm in 1824/5 for its eventual failure.[25]

These disputes were never resolved. On Brownrigg's return to India, matters came to a head. In February 1832 at a meeting of Palmer & Co.'s creditors he, Hobhouse and Newton were accused by a Mr Lycke of extracting funds from the firm and remitting them to England via the USA. Lycke claimed that Brownrigg and the others were fully aware that Palmer & Co. was virtually bankrupt when this was arranged, exposing their actions as immoral and probably illegal. He argued that Brownrigg should be regarded as liable for the firm's debts as those other partners in charge at the time of its failure.[26] At the same time, on the strength of information from Roggoram Gosain, Palmer accused Brownrigg, Hobhouse and Newton of other illicit practices, including using Government securities belonging to Palmer & Co.'s constituents, which were entrusted to the keeping of the firm, as collateral for loans to the firm itself. To compound matters, Metcalfe and Elliott, the senior officials who had acted initially on behalf of Cockerell & Trail in calling in their debts from Palmer & Co., pressurised Roggoram to retract this allegation in writing. Palmer claimed that they had acted on Brownrigg's request, demon-

strating that the latter had powerful friends in the Bengal administration.[27] William Prinsep's memoirs indicate that he shared Palmer's bitterness towards Brownrigg, and also his perception that Brownrigg had highly placed allies to protect him. Prinsep recalled a meeting of the assignees at which he, his brother George and Brownrigg had all been present. Brownrigg's strategy was to avoid liability by blaming the Prinseps for mishandling the affairs of the house. Prinsep produced a letter from Brownrigg himself, which implicated the latter in some of the errors of which the Prinseps were accused. Even though it caused Brownrigg visible discomfort, the evidence was to no avail, as most of the officials present were his friends. James Weir Hogg, a friend of both Brownrigg and the Prinseps summed up the view of the meeting in his advice to William: 'You have unhappily fallen, why endeavour to bring another good man down who has got to begin life again?'[28] Thus Brownrigg escaped the penalties of the failure of Palmer and Co., as did Hobhouse and Newton. Palmer was so incensed that he tried to elicit the support of Howe Cockerell in persuading the London house to bring Hobhouse and Brownrigg to some kind of reckoning. He told Howe Cockerell that Hobhouse was a liar and Brownrigg a 'crafty knave'.[29] But it was no use. Brownrigg was now an established figure in Austin Friars, and Cockerell & Trail could not afford to be deemed guilty by association with any alleged misdeeds by their new colleague. They felt obliged to defend him, come what may. Even if Howe Cockerell had been inclined towards sympathy, he and the London house found new disagreements with Palmer, specifically over the scale of the debts owed by Palmer & Co. to the London firm arising out of the Exchange accounts, which had always been a source of dispute between the two firms. These were never resolved, and effectively ended any prospect of an amicable and co-operative relationship between Palmer and Cockerell & Co.[30] Palmer's rift with his son-in-law was never healed. His last letter to Hobhouse in May 1834 reiterated his accusation that Hobhouse and Brownrigg had fraudulently used the Government securities of clients to raise loans.[31] Palmer took his bitter contempt for his erstwhile partners to the grave.

Inevitably the feud with Hobhouse meant separation from a beloved daughter and her children. For such a devoted family man, the pain of this must have been unimaginable. Indeed, it seems that the family was irrevocably divided by the ruin of its head. In the immediate aftermath of the failure of the house, surviving from one day to the next was an obstacle made all the more difficult by the absence of Mrs Palmer and several of his children, who were in England. Fortunately for Palmer, his family was sufficiently large for some support to be on hand. Sargent and Jenkins, his sons-in-law, were able to hold onto their homes and at least provide shelter for Palmer and his youngest daughters.[32] Desperately Palmer wrote to Mrs J. Raban in Taunton, an old family friend, voicing his concern that his wife must now throw herself upon the charity of friends in England.[33] She had been due to come out to India at

around the time of the failure, and Palmer desperately hoped that perhaps she had already embarked.[34] In fact she never returned to India, and it seems that Palmer never saw her again. He simply could not afford her passage, and later her ill health made travel impossible. His letters to her and his friends suggest that her last days were bleak and lonely. In the early years following the bankruptcy, Palmer struggled to provide her with a means of subsistence. In April 1830 she had to sell her jewels for £1,500, about a third of their value, which was not enough to cover the large debts she had run up in England.[35] She was virtually destitute, and Palmer had to frantically plead for charity and help from his correspondents at home.[36] For several months in 1830 Palmer heard nothing from his wife.[37] In the years which followed she sank deeper into poverty and, perhaps inevitably given her personal history, severe depression. She withdrew from society, and rarely saw old friends, who were unable to find even where she lived.[38] Mrs Robert Grant, who returned to London in the early 1830s, reported in February 1832 that she had seen Mrs Palmer and had helped her to re-establish contact with her friends.[39] Fortunately by the summer of that year, Mrs Palmer was living with her daughter Claudine in Westminster, and though her standard of living was extremely modest, at least there was now stability in her life. But Palmer never seems to have re-established a close relationship with his wife. Lamenting the infrequency of his wife's letters in November 1832, Palmer commented that 'postage is perhaps dearer than a husband'.[40] His last letter to her, on 1 February 1835, begged for her to write regularly every month, if only to send news about those of his children in England and Europe, with whom he was rapidly losing touch.[41] Shortly before, he reflected bitterly to his son Charles (now in London) that several of his children appeared to have forgotten him.[42] Age, illness and abandonment by some of those he loved made Palmer's last years bleak indeed.

But Palmer's resilience in the face of these successive disasters was little short of heroic. He was helped by the fact that not all of his children deserted him. The Sargents provided him with a roof in the traumatic first few months after the bankruptcy, and Charlotte and Eliza remained his companions in the last years of life. Sally married Lieutenant Lillard, a lancer, and moved to the military post at Meerut.[43] He was able to see Charlotte married in July 1830, and though he was forlorn when she and Eliza went briefly to live in Cuttac, by May 1832 they had returned to Calcutta and he was housed in reasonable comfort with Eliza.[44] Significantly, the house had been provided by a wealthy Indian creditor of Palmer & Co., indicating the high esteem in which Palmer was still held by leading figures of the Indian commercial community, in spite of the events of 1830.[45] In the meantime, Palmer set about rescuing what was left of his shattered reputation and career. By January 1833 there was talk of the Insolvency Court allowing Palmer to recommence his business career, an aspect of the Insolvency legislation of the time which was controversial because of its leniency to bankrupt partners.[46] William Prinsep had

already been allowed to set up a brokerage business in Indian goods in early 1831, under the name of another man, John Presgrave.[47] By 1834, the enterprise had blossomed and grown, with the addition of several new partners, including the wealthy Indian *zamindar*, Dwarkanath Tagore. Carr Tagore & Co., with Prinsep as a partner, became one of the leading Calcutta agency houses up till its failure in the crisis of 1847/8.[48] By the time William Prinsep left India in the 1840s, he had redeemed his good name and fortune.

Palmer, now 66 years old, nurtured more modest ambitions, anticipating only a small agency business that would steer clear of banking, insurance and other speculative operations. Palmer wanted to allocate 70 per cent of his profits to the repayment of Palmer & Co.'s debtors, the other 30 per cent to be used for the financial relief of his family.[49] In January 1833 Palmer approached Baring Brothers in London, in an effort to resume the corresponding relationship which had existed with that firm in the early 1820s, following this up with a circular advertising for clients in London.[50] Palmer even got his son Charles to visit Barings in an effort to persuade them to renew the connection, as well as approach John Deans in London, formerly of Deans, Scott & Co. of Java, to develop business ties.[51] Charles did so, and was cordially received by the Barings.[52] Palmer was desperate to impress, and claimed that he had the backing of Roggoram Gosain, Dwarkanath Tagore, and a very experienced American merchant by the name of Duncan Ingraham.[53] But in reality Palmer found Roggoram Gosain, who had survived the worst of the crash of 1830 (though he had sustained very heavy losses) unwilling and unable to offer much cash to support the new enterprise.[54] Ultimately he had to turn to another Indian, Mutty Lal Sial (Motalil Seal), for financial help.[55] The terms were far less supportive than Palmer required. Molatil Seal specialised in advancing funds to small agency firms like Palmer's new house, providing only modest sums for short periods. He was unprepared to provide long-term finance for more extensive deals.[56] Unsurprisingly, Barings were simply not convinced that Palmer was a viable business connection, and in autumn 1834 refused to reopen relations with him on the grounds that his firm was simply too small for their needs.[57]

Undeterred, Palmer struggled on, making what profit he could. Around him the other great houses crashed, one by one, beginning with Alexander & Co. in December 1832, quickly to be followed by Mackintosh & Co. in January 1833, and the rest by early 1834. While Palmer expressed sympathy for the unfortunate creditors of these firms, he could not resist commenting that 'my brethren see too late the fallacy of their selfish reasoning when I called for their assistance'.[58] As the crisis deepened, and houses collapsed, Palmer blamed the 'frigid or interested feeling which regarded my destruction with indifference or triumph' for the uncontrollable deterioration of the commercial climate.[59] There was a certain bitter satisfaction that the other agency houses, who had stood by and watched the ruin of the prince of merchants, were reaping what

they had sown in January 1830. But Palmer's own valiant efforts were also now coming to an end. Palmer sent his last letter in August 1835 as illness and age finally brought him to his knees. A cold turned to severe abscess of the tonsils, and in the early hours of Friday 22 January 1836 death brought an end to the career of the prince of merchants.

What was the significance of the commercial career of John Palmer, and what were the consequences of its ignominious, painful but stoic end? It is fair to say that Palmer and the other agency houses had developed unique business strategies which were particularly suited to the social and economic circumstances of early British rule in India. These were based not only upon the provision of a range of financial services to the employees of the East India Company and private European entrepreneurs, but also the development of close personal relationships with clients, based on trust, moral guidance and support for family networks which spanned the globe. They offered a combination of entrepreneurship and paternalism which secured the capital required for developing trade and cash crop production. Many historians have noted their close and symbiotic relationship with the East India Company, stressing the role of the houses in supplying loans to the Indian government and the financial assistance they received in return at times of crisis. But detailed examination of John Palmer & Company shows that this relationship went much deeper than a mere exchange of financial assistance at the highest level. The agency houses effectively strengthened the East India Company by ensuring that the interests of its servants and soldiers were catered for, including the provision of advice to new recruits, loans, trusts and estates to secure the futures of widows and children, and the remittance of funds to England to provide for relatives and retirement plans. In effect the agency houses provided what would now be called welfare and human resources functions for the East India Company, ensuring that morale within the service could be maintained and that efforts at individual betterment could be channelled in directions which would not undermine the commercial interests of the East India Company. The nature of this role, and the intense competition which existed between the agency houses meant that commercial behaviour could not always be based upon what might normally be regarded as principles of economic rationality. The delicate and complex web of status and influence which permeated the East India Company both in England and India meant that debtors with powerful friends or connections often had to be offered a degree of indulgence which in other circumstances would be seen as the height of folly. A reputation for leniency and compassion to the needy or inexperienced was a powerful asset in securing new funds, or dissuading constituents from taking their savings elsewhere.

The houses also provided an important bridge between the East India Company and European commercial community on the one hand and the Indian mercantile elite on the other. Indian *banian*s secured Indian capital

for commercial enterprises which enhanced the commercial fortunes of the Europeans and the East India Company, while providing a means through which that elite could benefit from British rule. In this respect the houses were a channel of economic and political collaboration which helped the Company to secure a measure of legitimation of their rule in the eyes of influential Indians. After the Permanent Settlement of 1793, which sought to enlist the *zamindar* landholders as rural partners in the extraction of revenue and local governance, the agency houses provided the opportunity for Indians to also participate in the development of the economy and the intra-Asia trade. While Indians were never recruited into the houses as equals, it is clear that for those who invested heavily in Palmer & Co. their involvement in European business was extensive and highly prized; hence the desperate, if unsuccessful, efforts by Indians to resurrect Palmer & Co. in February 1830. Again, the significance of the practices of the older agency houses was social and political as well as commercial or economic. The houses were the mortar which held together the edifice of East India Company rule and commerce.

There were several reasons why this system could not survive. It had emerged in the 1780s, when the East India Company's monopoly of trade prevented the possibility of new competition. The dubious principles of trust, informality, ostentatious extravagance and laxity in financial obligation which characterised the business of John Palmer and the other agency houses were possible only because of the privileged and protected position which the houses enjoyed. From 1813, with the liberalisation of the India trade, came a more bracing environment, in which greater attention to commercial discipline was a dire necessity. Palmer & Co. spectacularly failed to make this adjustment, partly because of its head's continuing commitment to the older methods based on the notion of mercantile *noblesse oblige*, but also because of the difficulty in recruiting new blood to the firm of the requisite quality and commitment to the firm's interests. Meanwhile, industrialisation in Britain presented the London East India agency houses with new opportunities in the export of British manufactures to the east, which took them away from dependence on the import of Indian commodities and weakened their ties with their Indian sister houses – hence Cockerell & Trail's ruthless action against Palmer & Co. at the end of 1829. In addition, the sheer diversity of Palmer & Co.'s activities engendered an organisational structure which made it very difficult for any of the partners to develop a sense of overall direction for the firm. It also encouraged mutual suspicion and recrimination, which were bitterly evident in the death throes of Palmer & Co. Another factor which limited the life of the old system was the destabilising consequences and costs of British imperial expansion in the east, which in the 1820s first drained the houses of the deposits upon which their operations depended, and then compelled them to charge their depositors cripplingly high rates of interest. A further problem was the deterioration of Anglo-Indian relations as a newer generation of East

India Company servants emerged, imbued with evangelical Christian ideas and prejudices and more nakedly racist assumptions about Indians. This meant that when economic difficulties became acute towards the end of the 1820s, Indian confidence in European commercial organisations waned, especially when the first failures of European firms began in the middle of the decade. But when Palmer & Co. went under in January 1830 it is no exaggeration to say that this was a point of no return in the deterioration of Anglo-Indian commercial co-operation. Indeed, the failures of the other houses from 1832 onwards were a direct result of the desertion of Indian merchants and money from their cause – a development almost entirely the result of the fall of Palmer's. Such was the import of the failure of Palmer & Co. in 1830.

In the light of these crippling difficulties which beset Palmer & Co. and the other agency houses, it is perhaps worth pondering the reasons why they survived for as long as they did. Two factors appear to have been central to their durability. First, the close relationship with the East India Company enjoyed by the houses helped create the impression that they were as secure as the Company itself; that the East India Company simply could not afford to allow them to go under. The readiness with which the Bengal Council acquiesced to requests for financial aid from the houses in the late 1820s served to reinforce this impression that the houses were an unshakeable part of the ruling imperial establishment. This reassured investors in the houses who might otherwise have withdrawn their capital had they known more about the precarious state of agency house finances by the 1820s. When the Company made clear that it would not bale out Palmer & Co. in 1830, confidence in the houses was fatally undermined. Secondly, the leaders of the agency houses had successfully created reputations for themselves which made the prospect of their failure seem implausible. John Palmer himself was the master of this strategy, combining an impression of peerless financial acumen with a veneer of high moral principle. In the intimate world of European society in early colonial India this was a formidably successful commercial *persona*, which eased the doubts of investors and business associates for a very long time, even when the business was running into severe difficulties. In this respect, Palmer & Co.'s survival until 1830 rested to a large degree upon the personal qualities and standing of its leader. It is a reminder that business history involves not only cold analysis of balance sheets, commercial strategies and impersonal economic forces. It is at heart, the study of individual behaviour, which is of course susceptible to a multitude of emotional and social influences as well as the dictates of commercial rationality.

The failures of all of the older agency houses by 1834, coupled with the East India Charter Act of 1833, which terminated the East India Company's monopoly of trade with China and effectively ended its career as a commercial organisation, marked a turning point in British rule in India. The new generation of agency houses were founded on very different principles. The

practice of combining banking for East India Company servants and commercial speculation was expressly forbidden by the London East India agency houses, who led the way in establishing the new firms. In the following decade, firms specialised either in the import of British manufactures or the export of Indian produce, and their activities were subject to the close scrutiny of the London corresponding houses.[60] Over time, the agency houses developed expertise in 'managing agency', the management of joint-stock enterprises owned by British or Indian based investors, who entrusted the running of their companies to the houses.[61] In Britain, debates ensued about how best to furnish the capital necessary for Indian economic development, and how to effect the remittance of the East India Company's surplus revenues to pay the home charges, now that it was no longer involved in trade. There were abortive attempts to establish a London-based bank for India in 1836 and the early 1840s, the first led by George Larpent of Cockerell & Trail, but all were thwarted. It was not until after the failures of 1847/8 that new banks emerged to co-ordinate the flow of investment from the City of London to construct Indian railways and develop Indian tea plantations.[62] Indeed, the failures of 1830 to 1834 did not bring stability, and it would take another round of catastrophic bankruptcies in Calcutta and London in 1847/8 to bring about the establishment of a more stable commercial system.

But it was perhaps in the realm of Anglo-Indian commercial relations where the consequences of 1830–1834 were most ominous. Historians disagree over whether European or Indian merchants suffered most from the effects of the failures. S.D. Chapman claims that the 'European settlers were the main losers in 1830–35, while the Indians appear to have emerged unscathed, and in course of time the latter became depositors in a new generation of agency houses'.[63] In contrast, A.K. Bagchi argues that the failures ruined most of those Indian merchants who had acted as *banian*s for the agency houses, and that most of them 'never gain entered the business world in a big way – in striking contrast to the Europeans'.[64] Moreover, Bagchi contends that a process was begun whereby collaboration between European and Indian merchants and financiers within the same organisations and sectors of the economy tended to diminish, and that by 1850, at least in banking, there was a gulf between the two communities of entrepreneurs.[65] This gulf did not arise overnight, and the crash of 1847/8 played a part in reinforcing the trend. Men like Dwarkanath Tagore and Motilal Seal certainly continued to finance European agency house activity, but they did so with much greater caution that their predecessors. Motilal Seal's reluctance to lend large sums for extended periods has already been mentioned, while Tagore insisted upon being a fully legal partner in Carr, Tagore & Co. to protect his investments – not for him the dubious status of *banian*. In the long run, the failures of 1830–1834 did commence a process of economic segregation, in which the Indian and British business worlds were to become separate, if connected,

entities. As Maria Misra demonstrates, the attitudes of European agency house firms of the latter half of the nineteenth century towards Indians would have been unrecognisable to John Palmer and his peers. By then an attitude of racist hostility and exclusion of Indians was the order of the day amongst the agency house men.[66] One can only speculate how this divergence of the two communities contributed to later problems and tensions, particularly in respect of the crisis of 1857.

The catastrophic end of John Palmer's career thus set in train major changes in the form and structure of British commercial relations with India and Indians. One might expect that the widespread misery his failure caused would have led to ostracism, condemnation and infamy. But this did not happen. Within a couple of years of his death, a bust of the prince of merchants was erected in the Calcutta Town Hall, paid for by subscription from many who still considered themselves to be admirers. The text celebrated Palmer's liberality towards the poor and the needy. All of the Calcutta newspapers paid tribute to the liberality and kindness of John Palmer, and one described him as the father of the free press in India. His funeral was attended by a large crowd of mourners, 'a more numerous concourse of friends and others' noted one obituary, 'than perhaps ever attended any funeral in Calcutta'.[67] Unlike so many failed entrepreneurs, Palmer's reputation as a 'prince of merchants' survived his humiliation, impoverishment and demise. Such was the enduring power of the identity and image he had worked so long and hard to create. To the throng who wept at his passing and honoured his memory, John Palmer was a prince indeed, even in death.

APPENDICES: THE STATE OF JOHN PALMER & CO'S AFFAIRS FOLLOWING FAILURE IN JANUARY 1830

The information contained herein was extracted from insolvency schedules and papers for John Palmer and Co., held in the archives of the Calcutta High Court, Calcutta, West Bengal, India. The records are uncatalogued. The information showing the firm's creditors was extracted from two schedules of the firm's debts drawn up in 1831 (Schedules A and B), and a schedule drawn up in 1873. From these it has been possible to construct the analyses contained in the appendices which follow.

Appendix 1:
Total creditors of John Palmer and Co. at the time of the firm's failure in January 1830

By value:		Number of creditors: 770
Per Schedule A 1831	Rs784,630	
Per Schedule B 1831	Rs7,393,569	
Per Schedule 1873	Rs8,451,845	
TOTAL	Rs16,630,044	

Appendix 2:
Breakdown of creditors by nature of account/creditor

By value:		By number of accounts:
Individuals (people)	Rs6,301,822 (37.9%)	577 (74.9% of accounts)
Estates (wills etc.)	Rs1,213,367 (7.3%)	48 (6.2%)
Trusts	Rs1,816,492 (10.9%)	116 (15.1%)
Other companies	Rs7,298,343 (43.9%)	29 (3.8%)*
TOTAL	Rs16,630,044 (100%)	770 (100)

* Rs6,000,000 of the company creditors is accounted for by the debt owed to Cockerell & Trail of London.

Appendix 3: Indian creditors by category

(a) Individuals and estates

By value:		By number of accounts
*Bibi*s	Rs57,638	15
Other	Rs492,466	36
TOTAL	Rs550,104	51

(b) Trusts

By value		By number of accounts
*Bibi*s	Rs101,221	7
Other	Rs22,382	2
TOTAL	Rs123,603	9

(c) Total Indian creditors (trusts, estates and individuals) = 4.1% of total creditors (trusts, estates, individuals and other categories) by value.

(d) Indian individual and estate creditors = 7.3% of total individual and estate creditors by value.

(e) Indian trust creditors = 6.8% of total trust creditors by value.

Appendix 4: Military and maritime (ships' captains) creditors

(a) Individual officer creditors by rank, number and value

Rank	No. of officers	Total value of a/cs
Private	2	Rs4,587
Drummer	1	Rs536
Ensign	6	Rs4,565
Sergeant	9	Rs25,933
Quarter Master	2	Rs1,581
Trumpet Major	1	Rs1010
Lieutenant	49	Rs297,556
Captains (inc. ships' captains)	47	Rs307,936
Major	16	Rs203,243
TOTAL up to and inc. rank of major	133	Rs846,947
Colonel	12	Rs150,348
Lt Colonel	10	Rs240,355
Lt General	1	Rs455
Major General	3	Rs28,839
Brigadier	1	Rs6,206
General	1	Rs9,257
TOTAL above rank of major	28	Rs435,460

(b) All military and maritime officer creditors = 20.4% of total individual creditors.

(c) Officer creditors up to and including the rank of major = 13.4% of total individual creditors.

(d) Officer creditors above the rank of major = 6.9% of total individual creditors.

(e) Creditor trusts and estates of military officers by rank

	Trusts		Estates	
Rank	No.	Value	No.	Value
Ensign	0	0	1	Rs23,021
Lieutenant	0	0	1	Rs3,177
Captain	0	0	4	Rs6,330
Colonel	2	Rs15,649	6	Rs69,299
Lt Colonel	1	Rs1,031	2	Rs10,287
Major General	0	0	1	Rs62,293
General	0	0	1	Rs25,543
TOTALS	3	Rs157,680	16	Rs199,949

(f) Creditor military officer estates = 16.5% of total creditor estates.

(g) Creditor military officer trusts = 8.7% of total creditor trusts.

Appendix 5:
Creditors from the medical, ecclesiastical and other professions

Professional group	By value	By number
Doctors	Rs439,675	19
Ministers	Rs19,705	2
Other	Rs405	1
TOTAL	Rs459,785	22

Doctors = 7% of individual creditors by value.

Appendix 6:
Women, children and family creditors

(a) Women; women with children, and families of related children (usually orphans) – individual accounts

Category	By value	By number
Women	Rs535,525	59
Women with children	Rs18,695	3
Families of related children	Rs67,559	6
TOTAL	Rs621,778	68

(b) Women and children individual accounts = 9.9% of all individual creditors by value.

(c) Women; women with children and children's estates and trusts by value and number

	Estates		Trusts	
	By value	By number	By value	By number
Women	Rs16,909	1	Rs739,343	72
Women with children	Rs0	0	Rs756,662	18
Children (related families)	Rs0	0	Rs9,862	2
TOTAL	0	0	Rs1,505,867	92

(d) Trusts for families = 88.5% of all trusts by value (including those for *bibi*s).

(e) All women and family accounts (individual, estate and trust accounts) = 24.7% of total individual, estate and trust accounts by value.

Appendix 7:
Individual accounts by size of account (value and number)

	No. of accounts	Value	(% of total individual a/cs by value)
Rs0 to Rs1000	126	Rs70,316	1.0
Rs1000 to Rs10,000	297	Rs1,087,390	17.3
Rs10,000 to Rs50,000	128	Rs2,631,859	41.8
Rs50,000+	26	Rs2,512,257	39.9
TOTAL	577	Rs6,301,822	100

Appendix 8:
Palmer and Co.'s indigo interests and assets

The following are enclosures with a petition from the Assignees for John Palmer and Co. to the Insolvent Court, dated 25 May 1830:

"Exhibit A referred to in the annexed petition presented the 16th day of April 1830. Indigo factories in which Palmer and Co. are interested"

Names of factories	Names of zillahs in which factories are located	Share held by Palmer & Co.	Estimate of total outlay for 1830	Already paid
Atkandee	Dacca	2/3rds	Rs30,000	Rs22,104
Bowsing	Burdwan	1/2	Rs80,000	Rs37,100
Borreebaree	Rungpore	5/6ths	Rs135,000	Rs81,872
ahaderpore	Moorshedabad	1/2	Rs30,000	Rs18,500
Beauleah	Rajshye	1/4	Rs90,000	Rs48,743

Comedpore	Moorshedabad	23/64ths	Rs70,000	Rs25,891
Dulawry	Rajshye	1/2	Rs40,000	Rs17,680
Derowley & Sellempore	Chapporah	9/16ths	Rs120,000	Rs70,915
Revelgunge	Chapporah	all	Rs30,000	Rs29,904
Gondwarrah	Purneah	2/3rds	Rs70,000	Rs51,689
Jetwarpore	Tyrhoot	1/3rd	Rs60,000	Rs26,400
Jither	Jessore	2/3rds	Rs10,000	Rs4,222
Sindooree	Jessore	5/20ths	Rs120,000	Rs67,716
Sarnaut	Benares	6/8ths	Rs100,000	Rs74,000
Manickgunge	Dacca	1/8th	Rs85,000	Rs68,390
Surdah	Moorshedabad	1/2	Rs100,000	Rs91,717
Subunkodee	Mymansing	1/3rd	Rs42,000	Rs23,067
Sackreepoken	Calcutta	all	Rs17,000	Rs9,420
Sultan pore	Purneah	1/3rd	Rs25,000	Rs3,564
Chattauch	Purneah	3/4	Rs12,000	Rs7,000

"Exhibit B referred to in the annexed petition presented the 16th day of April 1830 Indigo Factories Conducted by Palmer and Co."

Names of manufacturers	Names of factories	Estimate of total outlay for 1830	Already paid
W. Alexander	Singtollah		
W. Alexander	Boyly	Rs60,000	Rs37,044
Barton & Savi	Coolbarreeah	Rs70,000	Rs19,834
J. Motel	Dandpore	Rs30,000	Rs16,100
C. Glass	Peerpointee	Rs20,000	Rs11,212
F. Saupiry	Hobepore	Rs20,000	Rs12,000
L. Manley	Khunjundear	Rs8,000	Rs5,700
J. Potenger	Ramchundordy	Rs25,000	Rs17,115
E.M. Sandford	Arrah	Rs40,000	Rs10,000
J. Usher	Ramnaghur	Rs75,000	Rs53,500
J.C. Imbort	Ballacollah	Rs14,000	Rs14,000
H. Elliott	Toolseah	Rs12,500	Rs5,700
B. Hartley	Hyrampore	Rs21,000	Rs15,700
J. Brandt	Juggernautpore	Rs24,000	Rs11,900
Sandell & Brothers	Jessore	Rs41,000	Rs7,000
H.E. Hunter	Kirtapore	Rs12,000	Rs2,000
W.H. Urquhart	Taliany	Rs28,000	zero
W. Ferguson	Bobshaw	Rs65,000	Rs7,500
C.C. Marquis	Shagunge	Rs45,000	Rs1,500
D. Sutherland	Rutseer	Rs9,000	zero
R. & T.P. Morell	Cootoreah	Rs45,000	Rs12,000
J.T. Newton	Patkabaree	Rs100,000	Rs64,099

"Estimate of Total Outlay" indicates the total sum to be spent by Palmer & Co.

on running the factory for the year 1830; "Already paid" indicates sum spent up to the date of the schedule. No valuations were offered in the schedules for the indigo properties, probably because the collapse of the market for indigo and indigo property made such valuations impossible with any degree of accuracy or reliability.

NOTES

One: The World of John Palmer

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62 Z. Yazdani, *Hyderabad during the Residency of Henry Russell 1811–1820: A Case Study of the Subsidiary Alliance System* (Oxford, OUP 1976) pp42–43.
63 Insolvent Court Papers, 2 December 1873, Schedule of Fifteenth Unclaimed Dividend, Uncatalogued Papers, Calcutta High Court.
64 Palmer to Sir Charles Forbes 28 January 1830, Mss Eng Lett c113, pp58–59.
65 Many contemporaries commented upon the deterioration of British attitudes to Indians. For example, see the article 'On the Intercourse between the English and the Natives' *Alexander's East India Magazine* 9 (1835) pp360–365.

Two: The Prince of Merchants

1 Memoirs of William Prinsep, Mss Eur D.1160/1 (4), p252, IOR, BL.
2 Un-named and undated newspaper obituary, Mss Eng Lett d107, p207b, BL.
3 See for example J. Clark, *English Society 1688–1832* (Cambridge, CUP 1985); P.J. Cain and A.G. Hopkins, *British Imperialism 1688–2000* (London, Pearson 2001); N. Crafts, *British Economic Growth during the Industrial Revolution* (Oxford, Clarendon 1985).
4 Cain and Hopkins, *British Imperialism* pp66–76.
5 H.V. Bowen, 'Gentlemanly Capitalism and the Making of a Global British Empire: Some Connections and Contexts, 1688–1815' in S. Akita (ed), *Gentlemanly Capitalism, Imperialism and Global History* (Basingstoke, Palgrave Macmillan 2002) pp19–42, p31.
6 Cockerell's career is summarised in R.G. Thorne, *The House of Commons 1790–1820: III Members A–F* (London, Secker and Warburg 1986) p469.
7 'The Palmers of Hyderabad' by Edward Palmer, great grandson of John's half brother, William Palmer. Mss Eur D443 (1), p1, IOR, BL.
8 W. Dalrymple, *The White Mughals Love and Betrayal in Eighteenth Century India* (London, Harper Collins 2002) pp266–267.
9 Palmer to Sarah Hazell from Benares, 16 December 1782, Mss Eng Lett d105, pp1–2.
10 See D. Peers, *Between Mars and Mammon: Colonial Armies and the Garrison State in India, 1819–1835* (London, I.B. Tauris 1995).
11 Dalrymple, *White Mughals* p534.

12 Mildred Archer, *Indian and British Portraiture 1770–1825* (London, OUP 1979) p282.
13 Z. Yazdani, *Hyderabad during the Residency of Henry Russell, 1811–1820: A Case Study of the Subsidiary Alliance System* (Oxford, OUP 1976) pp51–53.
14 Ibid., for details of what became known as the Hyderabad scandal.
15 Un-named and undated newspaper extract, Mss Eng Lett d107.
16 *Bengal Obituary* (Calcutta, Holmes and Co. 1848) p266.
17 Jacques Lafitte (1767–1844) became the leading financier and Governor of the Bank of France.
18 P. Duchon (ed), J. Laffitte, *Memoires de Laffitte 1767–1844* (Paris 1932).
19 William Palmer to Captain David M. Anderson, 4 November 1784, Anderson Papers Add Mss 45427, pp186–187, BL.
20 William Palmer to Warren Hastings, 25 June 1786, Papers of Warren Hastings Add Mss 29169, p339, BL.
21 See for example William Palmer to Warren Hastings, 7 February 1786, Add Mss 29169, p386, BL.
22 William Palmer to D. Anderson, 18 February 1790, Add Mss 29172, p53.
23 Sir J.W. Kaye, *The Life and Correspondence of Henry St George Tucker* (London, Richard Bentley 1854) p71.
24 Palmer to Frank Dixon, 31 August 1818, Mss Eng Lett c87, p94.
25 John Palmer to Warren Hastings, 4 November 1793, Add Mss 29173, p108, BL.
26 *Marriages 1759–1800*, St John's Church, Calcutta, p23; E. Palmer, 'The Palmers of Calcutta' pp5–6.
27 *Baptisms 1759–1800*, St John's Church, Calcutta, p84.
28 Lady Maria Nugent, *A Journal from the Year 1811 till the Year 1815: A Voyage to and Residence in India, with a tour of the North Western parts of the British Possessions in that Country under the Bengal Government* (London 1839) p121; Prinsep Memoirs Mss Eur D 1160/1 (4), p252.
29 In fact there may have been more children, for John never seems to have identified the precise number in his correspondence. Even his family descendant, Edward Palmer, underestimated the size of the family, suggesting there were only six children ('The Palmers of Calcutta' p7). From my own research the children were (approximately in order of birth): Francis (b April 1792), Claudine (b September 1793), Mary Anne (b December 1794), Charles, Henry, William, Sam, Anna, Sally, Eliza (b July 1810), Charlotte (b December 1811) and Thomas (b December 1815).
30 E. Palmer, 'The Palmers of Calcutta' p6.
31 Undated obituary for John Palmer in the Calcutta newspaper *The Englishman* Mss Eng Lett d107, p207a.
32 Barber and Palmer to the Bengal Board of Trade, 7 February and 10 March 1795, Board of Trade (Commercial) Index, Vol 21, p64, West Bengal Archives, Calcutta.
33 Barber & Palmer to Bengal Board of Trade, 28 September 1795, Board of Trade (Commercial) Index, Vol 21, p66.
34 Barber & Palmer's application for tonnage for Grant and Williams to the Bengal Board of Trade, 27 October 1795, Board of Trade (Commercial) Index, Vol. 21, p67; Application for Mercers, 26 March 1795, Vol 21, p131; application for a ship for Mason and Tod, 15 November 1799, Vol 25, p167.
35 Application by Barber & Palmer, 20 December 1797, Board of Trade (Commercial) Index, Vol 23, p102.
36 Application by Barber and Palmer, 7 May 1801, Board of Trade (Commercial) Index, Vol 27, p178.

37 Diary of Richard Blechynden, 4 September 1799, Blechynden Papers Add Mss 45610, p317, BL.
38 W.S. Seton-Kerr, *Selections from the Calcutta Gazette* Vol 3, pp532–533.
39 Blechynden's diary, 3 August 1801, Add Mss 45618, p125.
40 Entries in Blechynden's diary, 6 August 1801, Add Mss 45618, p135; 27 October 1801, Add Mss 45619, p77.
41 Blechynden's diary, 16 November 1802, Add Mss 45623, pp160–161.
42 Blechynden's diary, 18 November 1801, Add Mss 45619, pp131–132.
43 Blechynden's diary, 22 November 1799, Add Mss 45611, p275.
44 Blechynden's diary, 22 October 1801, Add Mss 45619, p60.
45 *Calcutta Gazette* 23 July 1801.
46 *Bengal Obituary* p267.
47 J.W. Kaye, *The Life and Correspondence of Henry St George Tucker* p124.
48 Ibid., p131.
49 Palmer to Charles Cockerell, 30 August 1810, Mss Eng Lett c74, pp369–371.
50 Palmer to W. Burroughs, undated but c May 1810, Mss Eng Lett c 74, pp74–83.
51 Palmer to Trail, 6 January 1810, Mss Eng Lett c75, p129.
52 Palmer to Charles Cockerell, 16 September 1809, Mss Eng Lett c73, pp1–2.
53 Palmer to Charles Cockerell, 30 August 1810, Mss Eng Lett c 74, p371.
54 *The Trial of Henry St George Tucker for an assault with an attempt to commit rape on the person of Mrs Dorothea Simpson* Supreme Court, Calcutta (London, J.F. Hughes 1810).
55 M. Greenberg, *British Trade and the Opening of China 1800–1842* (Cambridge, CUP 1951) pp28–29.
56 Ibid., p30.
57 Palmer to G. Millet, 9 December, Mss Eng Lett c 69, p59.
58 A. Webster, 'British Export Interests in Bengal and Imperial Expansion into South East Asia, 1780 to 1824: The Origins of the Straits Settlements' in C. Simmons and B. Ingham (eds), *Development Studies and Colonial Policy* (London, Frank Cass 1987) pp138–174, p153.
59 Palmer to Capt. Douglas, 24 December 1808, Mss Eng Lett c 69, pp95–96; Palmer to Sir Edmund Stanley, 29 November 1808, Mss Eng Lett c 69, pp14–15.
60 G.R. Knight, 'John Palmer and Plantation Development in Western Java in the Early Nineteenth Century' *Bijdragen* 131:2/3 (1975) pp309–337.
61 N. Tarling, 'The Palmer Loans' *Bijdragen* 119:2 (1963) pp161–168.
62 N. Tarling, 'The Prince of Merchants and the Lions City' *Journal of the Malaysian Branch of the Royal Asiatic Society* 37:1 (1964) pp20–40.
63 Palmer to R.T. Farquhar (Governor of Mauritius) 29 December 1816, Mss Eng Lett c85, pp108–110.
64 Palmer to J. Balfour, Madras, 10 July 1811, Mss Eng Lett c79, pp213–215; Palmer to Balfour, 11 August 1811, Mss Eng Lett c80, pp45–46.
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66 EIRD 1815 (1st edn) p118; EIRD 1821 (2nd edn) p. xlviii.
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69 J.S. Buckingham, *Improved Syllabus of Mr Buckingham's Lectures on the Oriental World, Preceded by a Sketch of his Life, Travels and Writings and of the Proceedings of the East India Monopoly during the Past Year* (London, Hurst Chance & Co. 1830) pp7–8.

70 Article on John Silk Buckingham in *Alexander's East India Magazine* Vol. 8 (Nov. 1834) pp443–453.
71 B. Chowdhury, *Growth of Commercial Agriculture in Bengal 1757–1900 Volume One* (Calcutta, Indian Studies, Past and Present 1964) pp87–88.
72 Ibid., p97.
73 *Bengal Obituary* (Calcutta, Holman & Co. 1848) p.268.
74 J. Gallagher and R. Robinson, 'The Imperialism of Free Trade' *Economic History Review* 6 (1953) pp1–13; J. Gallagher and R. Robinson, *Africa and the Victorians: The Official Mind of Imperialism* (London. Macmillan 1961).
75 H. Furber, *John Company at Work* (Cambridge Mass., Harvard UP 1948); C.H. Phillips, *The East India Company1784 to 1834* (Manchester, Manchester UP 1961).
76 C.E.Wurtzburg, *Raffles of the Eastern Isles* (London, Hodder & Stoughton 1954) p269.
77 Ibid., p525.
78 C.A. Gibson-Hill, 'Raffles, Acheh and the Order of the Golden Sword' *Journal of the Malaysian Branch of the Royal Asiatic Society* 29:1 (1956) pp1–20, p.2.
79 N. Tarling, 'The Prince of Merchants and the Lion's City' and 'The Palmer Loans'.
80 Tarling, 'The Prince of Merchants' p21.
81 Yazdani, *Hyderabad during the Residency of Henry Russell 1811–1820* pp43 and 50.
82 Ibid. pp60–61.
83 A. Tripathi, *Trade and Finance in the Bengal Presidency 1793–1833* (Calcutta, OUP 1979 2nd edn) pp148–149.
84 A good commentary on the Prinsep memoir is provided in A.C. Staples, 'Memoirs of William Prinsep: Calcutta years 1817–1842' *Indian Economic and Social History Review* 26:1 (1989) pp61–79.
85 P. Robb, 'Credit, Work and Race in 1790s Calcutta: Early Colonialism through a Contemporary European View' *Indian Economic and Social History Review* 37:1 (2000) pp1–25.
86 Blechynden's diary, 26 October 1797, Add Mss 45603, p112.
87 Blechynden's diary, 20 June 1799 and 27 June 1799, Add Mss 45609, pp161–162 and 347.
88 Blechynden's diary, 30 August 1799, Add Mss 45610, pp290–291.
89 Blechynden's diary, 31 August 1799, ibid., pp293–294.
90 Blechynden's diary, 23 October 1799, Add Mss 45611, pp119–120.
91 Blechynden's diary, 9 April and 16 April 1800, Add Mss 45613, pp45 and 90.
92 Blechynden's diary, 3 August 1801, Add Mss 45618, p125.
93 Blechynden's diary, 5 August 1801, ibid., p129.
94 Blechynden's diary, 3 August 1801, ibid., p125.
95 Blechynden's diary, 18 November 1801, Add Mss 45619, p131. Following this mission, Popham was subsequently tried and acquitted for illicit private trading: see *Reports from the Select Committee on Papers Relating to the Repairs of His Majesty's Ships the Romney and Sensible while under the Command of Sir Home Popham. Parliamentary Papers 1805 Vol IV* pp513–714.
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98 Blechynden's diary, 21 August 1801, ibid., p193.
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100 Blechynden's diary, 17 September 1801, ibid., pp268–269.
101 Blechynden's diary, 20 September 1801, ibid., pp274–275.
102 Ibid., pp275–276.

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104 Blechynden's diary, 3 October 1801, Add Mss 45619, pp9–10.
105 Blechynden's diary, 7 October 1801, ibid., pp15–17.
106 Blechynden's diary, 20 October 1801, ibid., p55.
107 Blechynden's diary, 25 October 1801, ibid., p72.
108 Blechynden's diary, 27 October 1801, ibid., p77.
109 Blechynden's diary, 3 November 1801, ibid., p91.
110 Blechynden's diary, 12 December and 21 December 1801, ibid., pp189, 238–239.
111 Blechynden's diary, 3 January 1802, Add Mss 45620, pp11–12.
112 Blechynden's diary, 31 March 1802, ibid., p202.
113 Blechynden's diary, 1 April 1802, Add Mss 45621, p1.
114 Blechynden's diary, 20 August 1802, Add Mss 45622, pp91–92.
115 Blechynden's diary, 14 September 1802, ibid., pp148–149.
116 Blechynden's diary, 16 November 1802, Add Mss 45623, p160.
117 Ibid., pp161–162.
118 Ibid., pp162–163.
119 Blechynden's diary, 19 April 1802, Add Mss 45621, p60.
120 Prinsep Memoir Mss Eur D 1160/1, p252.
121 Palmer to Captain Jacke, 14 January 1810, Mss Eng Lett c76, pp4–7.
122 Palmer to Major Nuthall, Bundelkand, 21 September 1809 (Nuthall was Francis's commanding officer) Mss Eng Lett c73, pp21–22.
123 Palmer to Lady Popham, 20 April 1822, Mss Eng Lett c93, p151.
124 *The Trial of Henry St George Tucker* p139.
125 Palmer to Trail, 5 July 1808, Mss Eng Lett c71, p36.
126 Palmer to Captain Briggs, 30 January 1813, Mss Eng Lett c81, pp130–131.
127 Prinsep Memoir Eur Mss D 1160/1, p319.
128 Ibid., p320.
129 Palmer to Raymond Burr, Philadelphia, 14 June 1820, Mss Eng Lett c90, pp138–139.

Three: The Management of John Palmer & Company

1 A good introduction to the historical debates about globalisation may be found in A.G. Hopkins (ed), *Globalization in World History* (London, Pimlico 2002); see especially ch1.
2 The two most significant studies of the early agency houses are: A. Tripathi, *Trade and Finance in the Bengal Presidency 1793–1833*; S.B. Singh, *European Agency Houses in Bengal.*
3 Report to the Insolvent Court by Mr O'Hanlon, filed 23 April 1831, together with two schedules (A and B) agreed at a meeting of creditors of Palmer and Co. on 1 February 1831; Petition of John Cameron Macgregor, Assignee of estate of John Palmer and others, together with schedule of debtors, Insolvent Court, 2 December 1833, Calcutta High Court, West Bengal, India.
4 Palmer to Lieutenant Mosely, 9 July 1818, Mss Eng Lett c87, pp23–24, BL.
5 East India Register and Directory (EIRD) 1830, p1. Swinton appears on the 1831 schedule, but not that for 1873, suggesting that his funds had been recovered.
6 Metcalfe's name was still on the 1873 schedule. He had been a member of the Bengal Council since 1827, Tripathi p173.
7 EIRD 1830, p5.

8 The individuals concerned were: William Okeden (Rs16,771), Collector of Allyghur, EIRD 1830, p20; James Davidson (Rs16,046), Collector of Mynporee, Dodwell and Miles, *Bengal Civil Servants: Appointments 1780 to 1838* (London, Longman 1839) pp126–127; Henry Thomas Travers (Rs22,728), Collector of Murshidabad, EIRD 1830, p21; Robert Wilson Maxwell (Rs75,557), Collector of Jessore, EIRD 1830, p21. All appear on the 1831, but not the 1873, schedule, suggesting that funds were recovered in between the two dates.

9 Robert Cathcart (Rs14,150), Collector of Calpee, Calcutta Annual Register and Directory (CARD) 1831, p31; John Petty Ward (Rs23,328), Collector of Bogelpore, EIRD 1830, p20.

10 H.C. Cavendish (Rs20,818), CARD 1831, p30; Gerald Wellesley (Rs31,087), EIRD 1830, p22.

11 Dodwell and Miles pp146–147.

12 EIRD 1830, p21.

13 J.W. Hogg: EIRD 1830, p166; Rivers Grindall: Dodwell and Miles pp114–115.

14 Palmer to Henry Wood, James Barwell, Charles Morley and Henry Thoby Prinsep, 25 April 1827, Mss Eng Lett c105, p348.

15 Palmer to Major N.E. Peach in London, 19 January 1830, Mss Eng Lett c113, pp7–8.

16 Palmer to Colonel Nahuys on Java, 20 January 1830, Mss Eng Lett c113, pp24–25.

17 Petition to the Calcutta Insolvent Court on behalf of the late Cower Rajnarain Roy, filed 11 August 1832, Uncatalogued Records of the Calcutta High Court.

18 A.K. Bagchi, *The Evolution of the State Bank of India: The Roots 1806–1876* (Bombay, OUP 1987) pp150–152.

19 Palmer to Mrs Bird, Chiswick England, 22 May 1813, Mss Eng Lett c82, pp229–234.

20 Palmer to W. Bird, 30 November 1808, Mss Eng Lett c69, p22.

21 Palmer to W. Bird, 28 January 1809, Mss Eng Lett c70, p11.

22 1873 schedule.

23 Petition to the Insolvent court on behalf of A.F. Hamilton, 30 July 1830, uncatalogued Calcutta High Court Records.

24 Ibid.

25 Palmer to Henry Trail in London, 28 March 1810, Mss Eng Lett c77, pp43–47.

26 A good example of this was in July 1811, when Palmer spelt out major differences between the two houses on the state of existing balances in the exchange accounts. Palmer to Trail, 3 July 1811, Mss Eng Lett c79, pp181–202.

27 Palmer to Charles Cockerell, 4 April 1810, Mss Eng Lett c77, pp75–78.

28 Palmer to Trail, 19 January 1811, Mss Eng Lett c78, pp305–311.

29 Palmer to Cockerell, 19 May 1810, Mss Eng Lett c74, pp68–70.

30 Palmer to Trail, 23 May 1810, Mss Eng Lett c74, pp127–134.

31 Palmer to Trail, 6 January 1810, Mss Eng Lett c75, pp129–130; Palmer to Trail, 16 March 1810, Mss Eng Lett c76, pp162–163.

32 Palmer to Trail, 15 June 1814, Mss Eng Lett c84, pp260–262.

33 EIRD 1816 2nd edition, p. l is the first reference to Paxton, Cockerell & Trail having an office at White Lion Court as well as at Pall Mall. EIRD 1819 2nd edition, p. lix is the first reference to the firm's address as being solely 8 Austin Friars.

34 R.G. Thorne, *The House of Commons 1790–1820 I: Members Q–Y* (London, Secker and Warburg 1986) p736.

35 Ibid., p409.

36 Ibid., p469.

37 Palmer to Trail, 15 June 1814, Mss Eng Lett c84, p260.

38 Select Committee of the House of Commons on the means of improving and maintaining foreign trade, *Parliamentary Papers* 6 (1821) interview with George Larpent on 23 March 1821, p218.

39 H. Marks, *The First Contest for Singapore 1819–24* (The Hague, Nijhoff 1959) pp215–217.

40 First Report of the Committee of the London East India and China Association 3 January 1837, IOC, BL.

41 As late as 1821, Paxton, Cockerell & Trail were not involved in the British export trade to India, as shown by the Report of the Select Committee of the House of Commons on Foreign Trade 1821, *Parliamentary Papers* Vol VI, c746, p219, Minutes of Evidence, testimony of George Larpent 23 March 1821. But by the period between 1830 and 1833 the firm shipped 850,000 pounds of British manufactured cotton twist to India. Glasgow manufacturers in particular seem to have been major partners. See Minutes of Evidence, Select Committee of the House of Commons on Manufactures, Commerce and Shipping, *Parliamentary Papers* Vol VI, 1833, interview with Kirkman Finlay, 16 May 1833, p44, and interview with George Larpent 6 June 1833, pp137–143.

42 Larpent's testimony 6 June 1833, p141.

43 Ibid., 143–144.

44 Palmer to H.W. Hobhouse in London, 1 December 1816, Mss Eng Lett c85, pp61–63; Palmer to Hobhouse, 11 January 1817, Mss Eng Lett c85, pp135–137.

45 Palmer to Hobhouse, 25 January 1819, Mss Eng Lett c87, pp305–308; Palmer to Trail, 24 January 1819, Mss Eng Lett c87, pp310–313.

46 Palmer to George Baring at Canton, 3 December 1808, Mss Eng Lett c69, pp38–40; Greenberg, *British Trade and the Opening of China* pp28–29.

47 See the American and Colonial Ledger 1818, pp161–233 (various accounts) Baring Brothers Archive, London.

48 Ibid., Ledger for 1819–1821, p226.

49 Ibid., p228.

50 Ibid., p231.

51 Ibid., p232.

52 Ibid., pp230 and 235.

53 Ibid., pp239 and 254.

54 This is evident from the American and Colonial Ledgers from 1824 on.

55 Palmer to Trail, 13 May 1820, Mss Eng Lett c90, pp31–32.

56 Palmer to Trail, 17 January 1822, Mss Eng Lett c92, pp116–117.

57 Palmer to Trail, 20 April 1822, Mss Eng Lett c93, pp149–150.

58 Palmer to Hobhouse, 23 August 1818, Mss Eng Lett c87, pp74–75.

59 Palmer to Hobhouse, 3 September 1818, Mss Eng Lett c87, pp98–99.

60 Prinsep Memoir, Mss Eur D1160/1, pp323–324.

61 Palmer to Lieutenant Colonel J. Caulfield on Mauritius, 4 August 1830, Mss Eng Lett c115, pp242–243; A.K. Bagchi, *The Evolution of the State Bank of India: The Roots 1806–1876* p120 and pp148–14.

62 Prinsep Memoir, Eur Mss D1160/1, pp317–319.

63 Ibid., pp318–319.

64 J. Phipps, *A Guide to the Commerce of Bengal* (Calcutta, Master Attendants Office 1823) pp91–95.

65 *Shipbuilding in India: A Checklist of Ships' Names* (IOC BL 1995).

66 Prinsep Memoir, Mss Eur D.1160/1, p318; Palmer to Sir David Ochterlony, 2 July 1818, Mss Eng Lett c87, pp8–9.

67 Palmer to P. Maitland, 26 June 1814, Mss Eng Lett c84, pp290–292.
68 Sir H.T. Prinsep, *Three Generations in India 1771–1904* Mss Eur C97/1, pp. i to ix, IOC BL. William's father, John Prinsep, built a fortune in the indigo business in India, while William learnt the silk trade in London and India, before being taken on by Palmer. See also Prinsep Memoir, Mss Eur D 1160/1, pp194 and 313.
69 Palmer to Trail, 17 June 1810, Mss Eng Lett c74, p202; Palmer to Trail, 14 July 1810, Mss Eng Lett c74, p271.
70 Palmer to Trail, 30 November 1809, Mss Eng Lett c75, p5.
71 Palmer to Trail, 2 September 1823, Mss Eng Lett c98, p149.
72 Singh, *European Agency Houses in Bengal* pp228–229.
73 Chowdhury, *Growth of Commercial Agriculture* p83.
74 Prinsep Memoir, Mss Eur D1160/1, p321.
75 Palmer to C. Todd, 11 August 1809, Mss Eng Lett c71, p171.
76 Palmer to Trail, 6 January 1810, Mss Eng Lett c75, pp129–130; Palmer to Trail, 16 March 1810, Mss Eng Lett c76, pp162–163.
77 Palmer to Trail, 31 January 1810, Mss Eng Lett c76, p49.
78 Palmer to J. MacLean, 2 May 1811, Mss Eng Lett c79, pp1–2.
79 Palmer to Trail, 21 May 1820, Mss Eng Lett c90, p58.
80 Palmer to Trail, 29 September 1819, Mss Eng Lett c88, pp245–247.
81 Palmer to Trail, 25 November 1819, Mss Eng Lett c89, pp23–25.
82 Palmer to W.T. Money, 4 April 1825, Mss Eng Lett c102, pp10–12.
83 Palmer to R. Williams in Jessore, 19 February 18126, Mss Eng Lett c103, p59.
84 Brownrigg to Palmer, 12 August 1821, Mss Eng Lett d105, pp73–77.
85 Palmer to Henry Wood, James Barwell, Charles Morley and H.J. Prinsep, 25 April 1827, Mss Eng Lett c105, pp343–350, pp344–346.
86 Petition to the Insolvent Court 25 May 1830, Exhibit A presented on 16 April 1830, naming the factories in which Palmer & Co. had an interest. Uncatalogued records of the Calcutta High Court.
87 Ibid., Exhibit B 16 April 1830.
88 Palmer to Brownrigg in London, 28 February 1823, Mss Eng Lett c95, pp141–143.
89 Palmer to E. Pole, 21 December 1808, Mss Eng Lett c69, p37.
90 Palmer to J. Rider at Gazeepore, 5 February 1809, Mss Eng Lett c70, pp29–30.
91 Palmer to G. Robinson at Benares, 5 February 1809, Mss Eng Lett c70, pp26–27.
92 Palmer to J. Taylor, 3 January 1813, Mss Eng Lett c81, pp54–57.
93 Palmer to G. Robinson at Benares, 26 March 1822, Mss Eng Lett c93, pp17–19; Palmer to Robinson, 17 April 1822, Mss Eng Lett c93, pp134–135.
94 Palmer to C. Sweedland, 19 February 1827, Mss Eng Lett c105, pp150–151.
95 Palmer to C. Forbes, 28 December 1809, Mss Eng Lett c75, pp84–86.
96 Palmer to G. Taswell in Madras, 10 November 1809, Mss Eng Lett c73, pp124–129; and Palmer to Taswell, 7 May 1810, Mss Eng Lett c74, pp19–26.
97 Palmer to C. Lambert, 3 January 1811, Mss Eng Lett c78, pp285–288.
98 Palmer to Robert Grant at Cawnpore, 24 February 1827, Mss Eng Lett c105, pp164–165.
99 Palmer to Lieutenant Colonel Dewar at Samarang on Java, 31 May 1813, Mss Eng Lett c82, pp257–259; Palmer to Count de L'Etang at Batavia, 31 May 1813, Mss Eng Lett c82, pp261–262; Palmer to Lieutenant J. Eckford, 23 June 1813, Mss Eng Lett c82, pp314–315.
100 Palmer to George Millet in East India House, London, 9 December 1808, Mss Eng Lett c69, pp55–60, p59.

101 Palmer to Sir Francis Baring in London, 18 January 1809, Mss Eng Lett c69, pp125–130, p130.
102 Greenberg, *British Trade and the Opening of China 1800–42* pp29–30.
103 A. Webster, *Gentlemen Capitalists: British Imperialism in South East Asia 1770–1890* (London, I.B. Tauris 1998) p58.
104 See Palmer to W. Petrie, 5 January 1813, Mss Eng Lett c81, pp39–41; Palmer to W.E. Phillips, 23 September 1809, Mss Eng Lett c73, pp32–33. These are but two examples of Palmer's extensive correspondence with both men.
105 Palmer to G. Baring in Canton, 27 July 1809, Mss Eng Lett c71, pp87–88.
106 Palmer to D.F. Mitchell on Penang, 31 March 1810, Mss Eng Lett c77, pp57–59.
107 Palmer to J. Molony at Canton, 15 December 1816, Mss Eng Lett c85, pp81–83.
108 Greenberg pp124–131.
109 Palmer to J. Robarts in Canton, 15 December 1816, Mss Eng Lett c85, pp84–85; Palmer to David Brown on Penang, 3 January 1822, Mss Eng Lett c92, p47.
110 See, in particular, M. Granovetter, 'Economic Action and Social Structure: The Problem of Embeddedness' *American Journal of Sociology* 91:3 (1985) 481–510.

Four: Parenthood and Patronage

1 Records of St Johns Church, Calcutta, Baptisms 1759 to 1800, pp84, 93 and 99.
2 Ibid., Baptisms 1808 to 1817 (pages unnumbered).
3 Palmer to Jacob Hardtmann on St Kitts, 24 May 1827, Mss Eng Lett c106, pp97–99.
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